

HOUSE BILL No. 4425

March 19, 2003, Introduced by Rep. Reeves and referred to the Committee on Appropriations.

EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

1 Sec. 101. Subject to the conditions set forth in this bill, the
 2 amounts listed in this part are appropriated for the department of
 3 history, arts, and libraries for the fiscal year ending September 30,
 4 2004, from the funds indicated in this part. The following is a
 5 summary of the appropriations in this part:

6 **DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES**

7 APPROPRIATIONS SUMMARY:

8	Full-time equated unclassified positions	6.0	
9	Full-time equated classified positions	248.5	
10	GROSS APPROPRIATION		\$ 58,786,300
11	Interdepartmental grant revenues:		
12	Total interdepartmental grants and intradepartmental		
13	transfers		137,500
14	ADJUSTED GROSS APPROPRIATION		\$ 58,648,800
15	Federal revenues:		
16	Total federal revenues		9,322,600
17	Special revenue funds:		
18	Total local revenues		0
19	Total private revenues		577,400
20	Total other state restricted revenues		2,308,800
21	State general fund/general purpose		\$ 46,440,000

22 **Sec. 102. DEPARTMENT OPERATIONS**

23	Full-time equated unclassified positions	6.0	
24	Full-time equated classified positions	24.5	
25	Unclassified salaries--6.0 FTE positions		\$ 219,400
26	Management services--23.5 FTE positions		1,819,800
27	Building occupancy charges and rent		2,884,100

1	Worker's compensation	38,000
2	Office of film and television services--1.0 FTE	
3	position	<u>117,600</u>
4	GROSS APPROPRIATION	\$ 5,078,900
5	Appropriated from:	
6	State general fund/general purpose	\$ 5,078,900
7	Sec. 103. INFORMATION TECHNOLOGY	
8	Information technology services and projects	\$ <u>1,036,600</u>
9	GROSS APPROPRIATION	\$ 1,036,600
10	Appropriated from:	
11	Interdepartmental grant revenues:	
12	IDG-MDOT, comprehensive transportation fund.....	200
13	IDG-MDOT, state aeronautics fund.....	100
14	IDG-MDOT, state trunkline fund.....	3,000
15	Special revenue funds:	
16	Game and fish protection fund.....	100
17	Mackinac Island state park fund.....	40,000
18	Special revenue, internal service and pension trust....	2,700
19	State lottery fund.....	900
20	State general fund/general purpose	\$ 989,600
21	Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS	
22	Full-time equated classified positions10.0	
23	Administration--10.0 FTE positions	\$ 694,500
24	Arts and cultural grants	<u>11,771,300</u>
25	GROSS APPROPRIATION	\$ 12,465,800
26	Appropriated from:	
27	Federal revenues:	

1	NFAH-NEA, promotion of the arts, partnership agreements	
2	Special revenue funds:	
3	State general fund/general purpose	\$ 11,765,800
4	Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION	
5	Full-time equated classified positions	46.8
6	Mackinac Island park operation--21.8 FTE positions	\$ 1,288,400
7	Historical facilities system--25.0 FTE positions	<u>1,577,200</u>
8	GROSS APPROPRIATION	\$ 2,865,600
9	Appropriated from:	
10	Special revenue funds:	
11	Airport and park operation fees	106,400
12	Mackinac Island state park fund	1,272,600
13	State general fund/general purpose	\$ 1,486,600
14	Sec. 106. MICHIGAN HISTORICAL PROGRAM	
15	Full-time equated classified positions	86.2
16	Federal programs--14.9 FTE positions	\$ 1,853,900
17	Heritage publications	700,000
18	Historical administration and services--71.3 FTE	
19	positions	4,806,000
20	Private grants and gifts	502,400
21	Thunder Bay national marine sanctuary and underwater	
22	preserve	<u>187,500</u>
23	GROSS APPROPRIATION	\$ 8,049,800
24	Appropriated from:	
25	Interdepartmental grant revenues:	
26	IDG-MDOT, comprehensive transportation fund.....	5,700
27	IDG-MDOT, state aeronautics fund.....	3,400

1	IDG-MDOT, state trunkline fund.....	125,100
2	Federal revenues:	
3	DOI-NPS, historic preservation grants-in-aid	1,348,000
4	Federal funds	505,900
5	Special revenue funds:	
6	Private - grants and gifts	400,000
7	Private - Mann house trust fund	102,400
8	Game and fish protection fund.....	3,600
9	Heritage publication fund	700,000
10	Marine safety fund.....	500
11	Special revenue, internal service and pension trust	70,000
12	State lottery fund.....	24,300
13	Waterways fund.....	800
14	State general fund/general purpose	\$ 4,760,100
15	Sec. 107. LIBRARY OF MICHIGAN	
16	Full-time equated classified positions81.0	
17	Book distribution centers	\$ 277,600
18	Collected gifts and fees	161,900
19	Grand Rapids public library	185,800
20	Grant to the Detroit public library	2,682,900
21	Library of Michigan operations--81.0 FTE positions	6,424,100
22	Library services and technology act	5,557,400
23	Renaissance zone reimbursement	1,640,000
24	State aid to libraries	11,809,900
25	Subregional state aid	505,100
26	Wayne County library for the blind and physically	
27	handicapped	<u>44,900</u>

1	GROSS APPROPRIATION	\$	29,289,600
2	Appropriated from:		
3	Federal revenues:		
4	Federal section 903(d), SSA funds		1,211,300
5	Library services and technology act		5,557,400
6	Special revenue funds:		
7	Private - gifts and bequests revenues		75,000
8	User fees		86,900
9	State general fund/general purpose	\$	22,359,000

10 PART 2

11 PROVISIONS CONCERNING APPROPRIATIONS

12 **GENERAL SECTIONS**

13 Sec. 201. Pursuant to section 30 of article IX of the state
 14 constitution of 1963, total state spending from state resources under
 15 part 1 for fiscal year 2003-2004 is \$48,748,800.00 and state spending
 16 from state resources to be paid to units of local government for fiscal
 17 year 2003-2004 is \$19,495,200.00. The itemized statement below
 18 identifies appropriations from which spending to units of local
 19 government will occur:

20 **DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES**

21	Arts and cultural grants	\$	3,653,500
22	State aid to libraries		11,809,900
23	Detroit public library		1,720,800
24	Grand Rapids public library		121,000
25	Subregional state aid		505,100
26	Wayne County library for the blind and physically		
27	handicapped		44,900

1 Renaissance zone reimbursement 1,640,000
 2 Total department of history, arts, and libraries \$ 19,495,200

3 Sec. 202. The appropriations authorized under this bill are subject
 4 to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

5 Sec. 203. As used in this bill:

6 (a) "Department" means the department of history, arts, and
 7 libraries.

8 (b) "Director" means the director of the department of history,
 9 arts, and libraries.

10 (c) "DOI-NPS" means the United States department of interior,
 11 national park service.

12 (d) "Fiscal agencies" means the house fiscal agency and the
 13 senate fiscal agency.

14 (e) "FTE" means full-time equated.

15 (f) "IDG" means interdepartmental grant.

16 (g) "NEA" means the national endowment for the arts.

17 (h) "NFAH" means the national foundation of the arts and the
 18 humanities.

19 (i) "SSA" means social security administration.

20 (j) "Subcommittees" means all members of the appropriate
 21 subcommittees of the house and senate appropriations committees.

22 Sec. 204. The department of civil service shall bill departments and
 23 agencies at the end of the first fiscal quarter for the 1% charge
 24 authorized by section 5 of article XI of the state constitution of
 25 1963. Payments shall be made for the total amount of the billing by
 26 the end of the second fiscal quarter.

27 Sec. 205. (1) A hiring freeze is imposed on the state classified

1 civil service. State departments and agencies are prohibited from
2 hiring any new state classified civil service employees and prohibited
3 from filling any vacant state classified civil service positions. This
4 hiring freeze does not apply to internal transfers of classified
5 employees from 1 position to another within a department.

6 (2) The state budget director shall grant exceptions to this
7 hiring freeze when the state budget director believes that the hiring
8 freeze will result in rendering a state department or agency unable to
9 deliver basic services, cause a loss of revenue to the state, result in
10 the inability of the state to receive federal funds, or necessitate
11 additional expenditures that exceed any savings from maintaining the
12 vacancy. The state budget director shall report quarterly to the
13 chairpersons of the senate and house of representatives standing
14 committees on appropriations the number of exceptions to the hiring
15 freeze approved during the previous quarter and the reasons to justify
16 the exception.

17 Sec. 206. Unless otherwise specified, departments and agencies
18 receiving appropriations in part 1 shall use the Internet to fulfill
19 the reporting requirements of this bill. This requirement may include
20 transmission of reports via electronic mail to the recipients
21 identified for each reporting requirement, or it may include placement
22 of reports on an Internet or Intranet site.

23 Sec. 207. (1) In addition to the funds appropriated in part 1, there
24 is appropriated an amount not to exceed \$1,000,000.00 for federal
25 contingency funds. These funds are not available for expenditure until
26 they have been transferred to another line item in this bill under
27 section 393(2) of the management and budget act, 1984 PA 431, MCL

1 18.1393.

2 (2) In addition to the funds appropriated in part 1, there is
3 appropriated an amount not to exceed \$1,000,000.00 for state-restricted
4 contingency funds. These funds are not available for expenditure until
5 they have been transferred to another line item in this bill under
6 section 393(2) of the management and budget act, 1984 PA 431, MCL
7 18.1393.

8 (3) In addition to the funds appropriated in part 1, there is
9 appropriated an amount not to exceed \$100,000.00 for local contingency
10 funds. These funds are not available for expenditure until they have
11 been transferred to another line item in this bill under section 393(2)
12 of the management and budget act, 1984 PA 431, MCL 18.1393.

13 (4) In addition to the funds appropriated in part 1, there is
14 appropriated an amount not to exceed \$750,000.00 for private
15 contingency funds. These funds are not available for expenditure until
16 they have been transferred to another line item in this bill under
17 section 393(2) of the management and budget act, 1984 PA 431, MCL
18 18.1393.

19 Sec. 208. In addition to the funds appropriated in part 1, the
20 department may accept contributions, gifts, bequests, devises, user
21 fees, grants, donations, and payments to rent the department's
22 traveling museum exhibits. Funds accepted by the department are
23 appropriated and allotted when received and may be expended immediately
24 upon receipt or at any later time. Those funds that are not expended
25 in the current fiscal year shall not lapse at the close of the fiscal
26 year and may be carried over by the department for expenditure in the
27 following fiscal years.

1 Sec. 209. From the funds appropriated in part 1 for information
2 technology, departments and agencies shall pay user fees to the
3 department of information technology for technology-related services
4 and projects. Such user fees shall be subject to provisions of an
5 interagency agreement between the department and agencies and the
6 department of information technology.

7 Sec. 210. Amounts appropriated in part 1 for information technology
8 may be designated as work projects and carried forward to support
9 department of history, arts, and libraries projects under the direction
10 of the department of information technology. Funds designated in this
11 manner are not available for expenditure until approved as work
12 projects under section 451a of the management and budget act, 1984 PA
13 431, MCL 18.1451a.

14 Sec. 211. The department may provide and enter into agreements to
15 provide general services, training, meetings, information, special
16 equipment, software, and facility use, and technical consulting
17 services to other principal executive departments, state agencies,
18 local units of government, the judicial branch of government, other
19 organizations, and patrons of department facilities. Fees for such
20 services shall be reasonably related to the cost of providing the
21 services and shall be used to offset the costs of the services. The
22 department may receive and expend funds in addition to those authorized
23 in part 1 for:

24 (a) Supplying census-related information and technical services,
25 publications, statistical studies, population projections and
26 estimates, and other demographic products.

27 (b) Microfilming and other document and data imaging services,

1 media, storage, and copies.

2 (c) Patron copier and document reproduction services and copies.

3 (d) Conferences, training classes, and workshops conducted as
4 part of the department's mission.

5 (e) Use of specialized equipment, facilities, and software that
6 permit distance learning and meetings, and group decision making.

7 Unexpended funds at year-end may be carried forward and expended for
8 the same purposes for which they were originally received.

9 Sec. 212. (1) In addition to the amounts appropriated in part 1, in
10 order to encourage administrative efficiencies, there is appropriated
11 to the department of history, arts, and libraries, an amount not to
12 exceed one-half of the unexpended, unreserved general fund portions of
13 fiscal year 2002-2003 appropriations made to the department for
14 salaries and wages expenses, contractual services, supplies and
15 materials expenses, information technology expenses and program
16 operations costs.

17 (2) The appropriations contained in subsection 1 are subject to
18 the approval of the state budget director and shall be spent for the
19 same purposes for which the original appropriation was made in fiscal
20 year 2002-2003.

21 **MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS**

22 Sec. 401. (1) The Michigan council for arts and cultural affairs in
23 the department shall administer the arts and cultural grants
24 appropriated in part 1. The council shall provide for fair and
25 independent decisions on arts and cultural grant requests based upon
26 published criteria to evaluate program quality. These criteria shall
27 include a prohibition of art projects that include displays of human

1 wastes on religious symbols, displays of sex acts, and depictions of
2 flag desecration. The council shall seek to award grants on an
3 equitable geographic basis to the extent possible given the quality of
4 grant applications received. Priority shall be given to projects that
5 serve multiple counties and that leverage significant additional public
6 and private investment. Counties, cities, villages, townships,
7 community foundations, and organizations, including science
8 museums/centers, may apply for the following categories of grants:

9 (a) Anchor organization program for organizations that serve
10 regional and statewide audiences. Anchor organizations shall
11 demonstrate a commitment to education, to mentoring smaller
12 organizations, and to reaching underserved audiences.

13 (b) Arts projects program.

14 (c) Arts and learning program.

15 (d) Artists in residence for education program.

16 (e) Arts organization development program.

17 (f) Capital improvement program.

18 (g) Local arts agencies services program.

19 (h) Regional regranting program.

20 (i) Partnership program.

21 (j) Discretionary grants program.

22 (k) Rural arts and cultural program.

23 (l) Cultural projects program.

24 (2) The appropriation for arts and cultural grants in part 1 and
25 disbursed under this section shall, at a minimum, be matched on an
26 equal dollar-for-dollar basis from local and private contributions paid
27 and received by each awardee receiving grants under this section. The

1 dollar-for-dollar match may include the reasonable value of services,
2 materials, and equipment as allowed under the federal internal revenue
3 code for charitable contributions subject also to the preapproval of
4 such a match by the Michigan council for arts and cultural affairs.
5 The council shall receive proof of the entire amount of the matching
6 funds, services, materials, or equipment by the end of the award
7 period.

8 (3) Before any amount appropriated for arts and cultural grants
9 in part 1 may be expended for a grant to eligible applicants for the
10 purposes in this section, the department shall execute a grant
11 agreement with each grantee. The grant agreement shall specify the
12 criteria included in this section with which the application complies.
13 The grant agreement shall include a list of the projects funded.

14 (4) Counties, cities, villages, townships, community foundations,
15 and organizations receiving funds under this section shall provide the
16 Michigan council for arts and cultural affairs with the following:

17 (a) A final report covering the grant period within 30 days after
18 the end of the grant period indicating at least the following:

19 (i) Project revenues and expenditures indicating grant matching
20 fund amounts.

21 (ii) Number of patrons attracted or benefiting during the grant
22 period.

23 (iii) A narrative summary of each project and its outcome.

24 (b) Awardees receiving grants greater than \$100,000.00 shall also
25 submit a report as identified in subdivision (a) on an interim basis by
26 April 7 of the grant year.

27 (5) The applicants for arts and cultural grants funds shall be

1 charged a nonrefundable application fee of \$300.00 or 3% of the grant,
2 whichever is less. The application fee may be used by the department
3 to recover direct and indirect costs as appropriated in part 1.

4 (6) It is the intent of the legislature that the Michigan council
5 for arts and cultural affairs continue to take appropriate steps to
6 ensure that all organizations receiving state arts anchor organization
7 grants have combined grant awards, as defined in subsection (8), of no
8 more than 15.0% of operating revenue for the fiscal year ending
9 September 30, 2005 and beyond. As used in this subsection, "operating
10 revenue" is defined in the same manner as it was defined during the
11 fiscal year 2000 state arts anchor organization application process.

12 (7) The council shall continue and expand its efforts to
13 encourage and support nonprofit arts and cultural organizations
14 transitioning from solely volunteer-based organizations to professional
15 directed operations. This includes the provision of funds and services
16 from the arts organization development, partnership, arts projects,
17 anchor organization, and regional regranting programs as well as the
18 rural arts and culture initiative to support professional development
19 within these organizations. Criteria for support include the
20 requirement of collaboration between these organizations and other
21 community organizations.

22 (8) Any organizations receiving grants within the anchor
23 organization program category in excess of 10.0% of their operating
24 revenue, as defined in subsection (6), for the fiscal year ending
25 September 30, 2003, shall not receive a combined grant award from all
26 grant categories, except the partnership program, that is greater than
27 the combined grant award from these categories that the organization

1 received for the fiscal year ending September 30, 2003.

2 (9) The council shall provide for fair, equitable, and efficient
3 distribution of funds granted through the regional regranting program.
4 The council shall provide for an annual assessment of grant management
5 and distribution of mini-grant awards by designated regional regranting
6 agencies and review the methodology employed.

7 (10) The council shall make every effort to provide total grant
8 awards in the anchor organization program at a level not to exceed 65%
9 of the total amount appropriated for arts and cultural grants.

10 (11) The department shall submit 2 annual reports to the
11 appropriations subcommittees, the state budget office, and the fiscal
12 agencies as follows:

13 (a) The first report is due 30 days after the council makes the
14 annual grant awards. The report shall contain the following:

15 (i) A listing of each applicant.

16 (ii) The county of residence of an applicant.

17 (iii) The amount awarded.

18 (iv) The amount requested.

19 (v) The grant category under which an applicant applied.

20 (vi) A summary of projects funded for each awardee.

21 (vii) The expected number of patrons for an applicant during the
22 grant period.

23 (viii) The amount of matching funds proposed by an applicant.

24 (ix) The review score for each application.

25 (x) A listing containing the information in subparagraphs (i) to
26 (iii) for any regranted funds in the preceding fiscal year.

27 (b) The second report is due when materials are first distributed

1 by the council seeking grant applications for the subsequent fiscal
2 year. The report shall contain the following:

3 (i) The guidelines by which the council awards grants.

4 (ii) A summary of any changes in the program guidelines from the
5 previous fiscal year.

6 (iii) A summary of any initiatives the council is taking to
7 improve public access to the arts and culture, including, but not
8 limited to, the use of technology applications.

9 **MICHIGAN HISTORICAL PROGRAM**

10 Sec. 501. The federal funds appropriated in part 1 for the historic
11 site preservation grants are for work projects and shall not lapse at
12 the end of the fiscal year but shall continue to be available for
13 expenditure until the projects for which the funds were reserved have
14 been completed or are terminated. The purpose of these work projects
15 is the identification, designation, and preservation of historic
16 resources. The method used will be to solicit applications from
17 eligible recipients, score applications based upon established
18 criteria, and award the contracts and subgrants. The total cost is
19 \$1,348,000.00 and the tentative completion date is September 30, 2004.

20 Sec. 502. Funds collected by the department under sections 3, 6, 7,
21 and 7a of 1913 PA 271, MCL 399.3, 399.6, 399.7, and 399.7a, are
22 appropriated to the department for the purpose for which they were
23 received and shall not lapse to the general fund at the end of the
24 fiscal year.

25 Sec. 503. For purposes of administering the museum store as provided
26 in section 7a of 1913 PA 271, MCL 399.7a, the department is exempt from
27 section 261 of the management and budget act, 1984 PA 431, MCL 18.1261.

1 Sec. 504. From the funds appropriated in part 1 for historical
2 administration and services, \$71,200.00 shall be allocated to support
3 the operations of the Michigan freedom trail commission as specified in
4 section 4 of the Michigan freedom trail commission act, 1998 PA 409,
5 MCL 399.84. These funds shall be used to reimburse commission members,
6 to pay for necessary contractual services of the commission, and to
7 hire not more than 1.0 FTE position in the department's Michigan
8 historical center to support commission operations.

9 Sec. 505. Proceeds in excess of costs incurred in the conduct of
10 auctions, sales, or transfers of artifacts no longer deemed suitable
11 for the collections of the state historical museum are appropriated to
12 the department and may be expended upon receipt on additional material
13 for the collection.

14 **LIBRARY OF MICHIGAN**

15 Sec. 601. In order to receive subregional state aid as appropriated
16 in part 1 to the library of Michigan, a subregional library's fiscal
17 agency must agree to maintain local funding support at the same level
18 in the current fiscal year as in the fiscal agency's preceding fiscal
19 year. If a reduction in expenditures equally affects all agencies in a
20 unit of local government that is the subregional library's fiscal
21 agency, that reduction shall not be interpreted as a reduction in local
22 support and shall not disqualify a subregional library from receiving
23 state aid under part 1. If a reduction in income affects a library
24 cooperative or district library that is a subregional library's fiscal
25 agency, a reduction in expenditures for the subregional library shall
26 not be interpreted as a reduction in local support and shall not
27 disqualify a subregional library from receiving state aid under part 1.

1 Sec. 602. The funds appropriated in part 1 for a subregional library
2 shall not be released until a budget for that subregional library has
3 been approved by the department for expenditures for library services
4 directly serving the blind and persons with disabilities. Subregional
5 state aid shall be used only for providing services to the blind and to
6 persons with disabilities.

7 Sec. 603. Of the funds appropriated in part 1 for operation of the
8 library of Michigan, a portion may be used for statewide database
9 access such as making computerized databases, searches of those
10 databases, and the products of those searches available through the
11 libraries of Michigan. Only those libraries that qualify under the
12 federal library services and technology act, subtitle B of title II of
13 the museum and library services act, title II of the arts, humanities,
14 and cultural affairs act of 1976, Public Law 94-462, 110 Stat. 3009-
15 295, are eligible to participate in these activities.

16 Sec. 604. From the state general fund/general purpose appropriation
17 in part 1, there is allocated \$1,640,000.00 to reimburse public
18 libraries as provided by section 12 of the Michigan renaissance zone
19 act, 1996 PA 376, MCL 125.2692, for property taxes levied in 2003.
20 Reimbursements shall be made in amounts to each eligible recipient not
21 later than 60 days after the department of treasury certifies to the
22 department that it has received all necessary information to properly
23 determine the amounts due each eligible recipient under section 12(4)
24 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692. Any
25 excess allocations shall lapse to the general fund.

26 Sec. 605. The department shall submit a report on or before
27 October 31, 2004, to the senate and house standing committees on

- 1 appropriations that details the use of funds appropriated in part 1
- 2 within the Grand Rapids public library appropriation line and the grant
- 3 to the Detroit public library appropriation line.