

FY 2014-15: TOTAL GENERAL GOVERNMENT
Summary: As Reported by House Subcommittee
House Bill 5301 (H-1) Draft 2



Analysts: Ben Gielczyk
Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$738,570,400	\$743,018,000	\$743,018,000			\$4,447,600	0.6
Federal	700,910,000	699,103,300	689,103,500			(11,806,500)	(1.7)
Local	7,713,800	9,969,700	9,969,700			2,255,900	29.2
Private	6,086,100	6,287,200	6,287,200			201,100	3.3
Restricted	1,934,087,700	2,074,934,200	2,074,934,000			140,846,300	7.3
GF/GP	1,072,036,000	1,208,809,500	1,150,650,900			78,614,900	7.3
Gross	\$4,459,404,000	\$4,742,121,900	\$4,673,963,300			\$214,559,300	4.8
FTEs	7,659.7	7,756.2	7,737.2			77.5	1.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

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, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.**

Major Boilerplate Changes From FY 2013-14

The Executive deleted and the House retained the following sections:

- Sec. 212. Receipt and Retention of Required Reports
- Sec. 215. Disciplinary Action Against State Employees
- Sec. 217. General Fund Restrictions
- Sec. 221. Reporting Requirements on Policy Changes
- Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports
- Sec. 231. Full-Time Equated Position Report

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

Appropriates GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Executive includes \$120.0 million deposit; dedicates 25% of FY 2014-15 GF/GP surplus revenues and 25% of FY 2014-15 GF/GP lapse funds to the BSF; appropriates \$122.0 million GF/GP into the public health sub fund of the BSF. House revises appropriated amount to \$100.0 million and does not include new Executive deposits.

Sec. 211b. Roads and Risk Reserve Fund – DELETED

Requires \$230.0 million GF/GP to be deposited in the Roads and Risk Reserve Fund. Directs that not more than half of the funds are available for appropriation on October 1, 2013. States that the balance will be available for roads effective February 1, 2014 if those funds have not been appropriated for other purposes prior to that date. Executive and House delete section.

Sec. 214. Department and Agency Salary Increases – NEW

Requires departments and agencies to provide notification 14 days prior to the finalization of a salary increase exceeding 5.0%. House includes as new section.

Sec. 1201. Anticipated Appropriations – REVISED

States legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 amounts based on economic and other factors. Executive deletes and includes line items for FY 2015-16. House revises section to update fiscal year.

Major Boilerplate Changes From FY 2013-14

Sec. 1202. Retirement Costs – REVISED

Specifies intent that departments identify the amounts for normal retirement costs and legacy retirement costs for the fiscal year ending on September 30, 2015 for the line items in part 1. Included section in each budget identifying legacy costs for FY 2014-15. Executive includes section in each budget identifying legacy costs for FY 2014-15. House revises current year language by updating year.

FY 2014-15: DEPARTMENT OF ATTORNEY GENERAL
Summary: As Reported by House Subcommittee
House Bill 5301 (H-1) Draft 2



Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$27,188,500	\$27,783,800	\$27,783,800			\$595,300	2.2
Federal	9,838,200	9,857,200	9,857,200			19,000	0.2
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	17,631,900	17,914,200	17,914,200			282,300	1.6
GF/GP	34,481,300	35,467,100	35,267,100			785,800	2.3
Gross	\$89,139,900	\$91,022,300	\$90,822,300			\$1,682,400	1.9
FTEs	517.0	519.5	519.5			2.5	0.5

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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 2013-14 YTD Appropriations

		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
1. Human Trafficking	FTE	0.5	2.5
<u>Executive</u> adds \$400,000 (all GF/GP) and 2.5 FTEs to enhance Attorney General efforts to combat human trafficking; the additional resources would supplement the 0.5 FTE attorney position currently dedicated to these efforts.	Gross	\$95,000	\$200,000
<u>House</u> reduces amount to \$200,000.	GF/GP	\$95,000	\$200,000
2. Michigan Gaming Control Board	FTE	1.0	1.0
<u>Executive</u> increases restricted revenue from the Casino Gaming Fund by \$113,600, to add one illegal gambling investigator to the one that is already funded. <u>House</u> concurs.	Gross	\$107,000	\$113,600
	Restricted	107,000	113,600
	GF/GP	\$0	\$0
3. Assigned Claims Assessments	FTE	1.0	(1.0)
<u>Executive</u> removes funding for assistance to Department of State for assigned claims facility, which has been privatized. <u>House</u> concurs.	Gross	\$158,600	(\$158,600)
	Restricted	158,600	(158,600)
	GF/GP	\$0	\$0
4. Economics	Gross	N/A	\$1,527,400
<u>Executive</u> reflects increased costs of \$1.5 million Gross (\$585,800 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> concurs.	IDG	N/A	595,300
	Federal	N/A	19,000
	Restricted	N/A	327,300
	GF/GP	N/A	\$585,800

Major Boilerplate Changes From FY 2013-14

Neither Executive nor House propose major boilerplate changes to FY 2013-14.

FY 2014-15: DEPARTMENT OF CIVIL RIGHTS
Summary: As Reported by House Subcommittee
House Bill 5301 (H-1) Draft 2



Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$0	\$288,900	\$288,900			\$288,900	--
Federal	2,690,200	2,736,500	2,736,500			46,300	1.7
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	12,337,500	13,573,200	12,985,700			648,200	5.3
Gross	\$15,198,300	\$16,769,200	\$16,181,700			\$983,400	6.5
FTEs	128.0	138.0	133.0			5.0	3.9

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

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 2013-14 YTD Appropriations

1. Civil Rights Outreach and Education

Executive adds \$500,000 GF/GP and 4.0 FTEs for ongoing outreach and education programs: Advocates and Leaders for Police and Community Trust (\$250,000, 2.0 FTEs), Michigan Alliance Against Hate Crimes (\$125,000 and 1.0 FTE), and anti-bullying (\$125,000 and 1.0 FTE). House does not include.

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
FTE	N/A	0.0
Gross	N/A	\$0
GF/GP	N/A	\$0

2. Civil Rights Complaints

Executive provides additional \$175,000 and 2.0 FTEs for expansion of the intake unit that handles all initial customer contacts. House provides half the amount and 1.0 FTE.

FTE	N/A	1.0
Gross	N/A	\$87,500
GF/GP	N/A	\$87,500

3. Transfer of ADA Program from DTMB

Executive transfers unit and funding associated with compliance activities under Americans with Disabilities Act (ADA) from Department of Technology, Management, and Budget (DTMB) to Department of Civil Rights (\$583,500 Gross, \$300,000 GF/GP, 4.0 FTEs). An Executive Order to effect the administrative change is expected in March 2014. House concurs.

FTE	0.0	4.0
Gross	\$0	\$583,500
IDG	0	283,500
GF/GP	\$0	\$300,000

4. Economics

Executive reflects increased costs of \$312,400 Gross (\$260,700 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. House concurs.

Gross	N/A	\$273,600
IDG	N/A	5,400
Federal	N/A	46,300
GF/GP	N/A	\$221,900

Major Boilerplate Changes From FY 2013-14

Sec. 404. Department Operations Report – REVISED

Requires detailed annual report on Department operations, including data on complaints received and investigated. Executive deletes. House adds requirements to provide information on complaint evaluation and productivity projections, including investigations closed per FTE, complaint evaluations completed per FTE, and average time expended investigating complaints. House also explicitly requires report to be posted online.

Sec. 405. Reports and Complaints to Federal Authorities – RETAINED

Requires Department to notify 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.

FY 2014-15: EXECUTIVE OFFICE
Summary: As Reported by House Subcommittee
House Bill 5301 (H-1) Draft 2



Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	<i>Difference: House From FY 2013-14 YTD</i> 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	5,370,000	5,916,100	5,916,100			546,100	10.2
Gross	\$5,370,000	\$5,916,100	\$5,916,100			\$546,100	10.2
FTEs	84.2	88.2	88.2			4.0	4.8

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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 2013-14 YTD Appropriations

1. Office for New Americans

Executive includes \$385,000 GF/GP and 4.0 FTEs for a new Office for New Americans that would assist in attracting high-skilled immigrants to Michigan. House concurs.

FTE	N/A	4.0
Gross	N/A	\$385,000
GF/GP	N/A	\$385,000

2. Executive Office Operations

Provides \$161,100 GF/GP funding increase for Executive Office operations (3.0%). Executive and House include.

FTE	74.2	0.0
Gross	\$3,841,800	\$161,000
GF/GP	\$3,841,800	\$161,000

Major Boilerplate Changes From FY 2013-14

There are no major boilerplate changes recommended for FY 2014-15.

FY 2014-15: LEGISLATURE

Summary: As Reported by House Subcommittee House Bill 5301 (H-1) Draft 2



Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$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	1,109,800	4,109,800	4,109,800			3,000,000	270.3
GF/GP	122,309,500	127,060,700	127,420,700			5,111,200	4.2
Gross	\$123,819,300	\$131,570,500	\$131,930,500			\$8,111,200	6.6
FTEs	0.0	0.0	0.0			0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

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 Capitol Building, House of Representatives Office Building, and Farnum Building.

		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
Major Budget Changes From FY 2013-14 YTD Appropriations			
1. State Capitol Historic Site	Gross	\$3,078,700	\$3,360,000
Executive includes \$3.0 million Gross (\$0 GF/GP) to support restoration, renewal, and maintenance for the State Capitol Historic Site. Creation of State Capitol Historic Site is contingent upon passage of Senate Bill 678. FY 2013-14 appropriations included \$3.1 million for Capitol Building Operations which were shifted under new Capitol Historic Site unit. House concurs and includes additional \$360,000 GF/GP to account for operational shortfall.	Restricted	0	3,000,000
	GF/GP	\$3,078,700	\$360,000
2. Economic Adjustments	Gross	N/A	\$4,751,200
Reflects increased costs of \$4.8 million GF/GP for economic adjustments related to legislative staff and operations. Executive and House include.	GF/GP	N/A	\$4,751,200

Major Boilerplate Changes From FY 2013-14

Sec. 609. Capitol Historic Site Fund – NEW

Designates appropriations from the Capitol Historic Site Fund subject to enrollment of Senate Bill 678 of the 97th Legislature. Executive and House include as new section.

FY 2014-15: LEGISLATIVE AUDITOR GENERAL
Summary: As Reported by House Subcommittee
House Bill 5301 (H-1) Draft 2



Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	<i>Difference: House From FY 2013-14 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$5,092,100	\$5,220,700	\$5,220,700			\$128,600	2.5
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	1,951,000	2,000,800	2,000,800			49,800	2.6
GF/GP	13,911,300	14,537,300	14,537,300			626,000	4.5
Gross	\$20,954,400	\$21,758,800	\$21,758,800			\$804,400	3.8
FTEs	0.0	0.0	0.0			0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

Overview

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

		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>			
1. Operations Increase	Gross	N/A	\$276,500
<u>Executive</u> includes \$276,500 GF/GP to support Auditor General operations.	GF/GP	N/A	\$276,500
<u>House</u> concurs.			
2. Economic Adjustments	Gross	N/A	\$527,900
Reflects increased costs of \$527,900 Gross (\$349,500 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>Executive</u> and <u>House</u> include.	IDG	N/A	128,600
	Restricted	N/A	49,800
	GF/GP	N/A	\$349,500

Major Boilerplate Changes From FY 2013-14

There are no major boilerplate changes recommended for FY 2014-15.

FY 2014-15: DEPARTMENT OF STATE
Summary: As Reported by House Subcommittee
House Bill 5301 (H-1) Draft 2



Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	<i>Difference: House From FY 2013-14 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$20,000,000	\$20,000,000	\$20,000,000			\$0	0.0
Federal	1,810,000	1,460,000	1,460,000			(350,000)	(19.3)
Local	0	0	0			0	0.0
Private	100	100	100			0	0.0
Restricted	182,485,400	184,713,200	184,713,200			2,227,800	1.2
GF/GP	15,253,400	17,939,000	17,108,200			1,854,800	12.2
Gross	\$219,548,900	\$224,112,300	\$223,281,500			\$3,732,600	1.7
FTEs	1,568.0	1,599.0	1,585.0			17.0	1.1

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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.

		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>			
1. Fraud Prevention			
<u>Executive</u> provides \$1.8 million to support Secretary of State efforts to combat fraud, particularly with regard to fraudulent certificates of insurance. Includes \$1.2 million and 27.0 FTEs for verification of questionable paper certificates of insurance prior to issuing or renewing a vehicle registration, and \$627,400 and 4.0 FTEs for development of data analytics and prosecutorial assistance. <u>House</u> reduces overall amount to \$1.0 million.	FTE Gross GF/GP	N/A N/A N/A	31.0 \$1,000,000 \$1,000,000
2. Campaign Finance and Lobbyist Registration			
<u>Executive</u> provides additional \$500,000 (all GF/GP) to meet increased costs of payments to vendors who maintain campaign finance and lobbyist registration systems. <u>House</u> concurs.	Gross GF/GP	N/A N/A	\$500,000 \$500,000
3. Offset for Michigan Transportation Fund Economics			
<u>Executive</u> provides GF/GP to offset economic adjustments that would otherwise be applied to funding from the Michigan Transportation Fund (MTF). MTF funds are received as IDG revenues from MDOT and partially reimburse the Department of State for the costs of collecting registration and title fee revenue that is deposited into the MTF. MTF support is statutorily capped at \$20.0 million (MCL 247.660). GF/GP and IDG changes are offsets against total economics, below. <u>House</u> concurs.	Gross IDG GF/GP	\$20,000,000 20,000,000 \$0	\$0 (300,700) \$300,700
4. Federal HAVA Grant Funds			
<u>Executive</u> aligns budget with status of grant program under federal Help America Vote Act (HAVA) by eliminating the federal fund source. HAVA projects are going forward under work project funding. <u>House</u> concurs.	Gross Federal GF/GP	\$350,000 350,000 \$0	(\$350,000) (350,000) \$0

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 Year-to-Date (as of 2/5/14)</u>	<u>FY 2014-15 House Change</u>
5. Economics		Gross	N/A
<u>Executive</u> reflects increased costs of \$2.6 million Gross (\$54,100 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> concurs.		IDG	N/A
		Restricted	N/A
		GF/GP	N/A
			\$2,582,600
			300,700
			2,227,800
			\$54,100

Major Boilerplate Changes From FY 2013-14

Sec. 714 Branch Office Closings or Consolidations – RETAINED

Requires DOS to notify legislature in advance of closing or relocating a branch office to another local unit of government. Executive deletes, House retains.

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

Requires DOS to report on funding expended for the BAM project since its inception. Executive deletes, House retains.

Sec. 718. Buena Vista Branch – RETAINED

Requires DOS to maintain a full-service branch office in Buena Vista Township. Executive deletes, House retains.

**FY 2014-15: DEPARTMENT OF TECHNOLOGY,
MANAGEMENT, AND, BUDGET**
Summary: As Reported by House Subcommittee
House Bill 5301 (H-1) Draft 2



Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$677,159,800	\$680,315,500	\$680,315,500			\$3,155,700	0.5
Federal	8,790,900	7,974,100	7,974,100			(816,800)	(9.3)
Local	1,320,800	3,553,700	3,553,700			2,232,900	169.1
Private	190,400	190,400	190,400			0	0.0
Restricted	94,125,900	94,322,000	94,322,000			196,100	0.2
GF/GP	409,217,800	495,848,500	479,348,200			70,130,400	17.1
Gross	\$1,190,805,600	\$1,282,204,200	\$1,265,703,900			\$74,898,300	6.3
FTEs	2,822.0	2,823.0	2,823.0			1.0	0.0

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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 Administrative Board, and the Office of Children's Ombudsman.

		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>			
<u>MANAGEMENT AND BUDGET</u>			
1. Motor Vehicle Fleet	FTEs	35.0	0.0
Executive increases spending authorization to meet anticipated costs of the state's motor vehicle fleet, which is wholly funded by charges paid by agencies using the fleet. Additional \$8.3 million authorization brings total to \$67.7 million IDG. House concurs.	Gross	\$59,221,400	\$8,300,000
	IDG	59,221,400	8,300,000
2. Office of Urban and Metropolitan Initiatives	FTE	0.0	0.0
Executive provides one-time funding for the Office of Urban and Metropolitan Initiatives, which has been housed in the Executive Office. The Office works with foundations, community partners, and the Michigan Economic Development Corporation to establish policies and create a strategic framework for urban economic development. House concurs.	Gross	\$0	\$5,500,000
	GF/GP	\$0	\$5,500,000
3. Legal Services/Litigation Funding	Gross	\$2,000,000	\$3,000,000
Executive renames one-time funding for state litigation costs from "Legal Services" to "Litigation Fund" and increases by \$3.0 million. House concurs.	GF/GP	\$2,000,000	\$3,000,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
4. Regional Prosperity Grants			
<u>Executive</u> adds \$2.5 million in ongoing funding for Regional Prosperity Initiative and retains \$2.5 million as one-time funding. Funding supports economic and workforce development grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners. <u>House</u> retains \$2.5 million in one-time funding, does not add \$2.5 million in ongoing funding.	Gross	\$2,500,000	\$0
	GF/GP	\$2,500,000	\$0
5. Office of Children's Ombudsman			
<u>Executive</u> funds 4.0 additional positions for the Children's Ombudsman's office. Addition of two intake staff and two investigators aimed speeding investigations by reducing investigator caseloads and reducing intake tasks. <u>House</u> concurs.	FTE	10.0	4.0
	Gross	\$1,235,100	\$510,200
	GF/GP	\$1,235,100	\$510,200
6. Add Lansing Township Annex to Building Occupancy			
<u>Executive</u> increases IDG authorization for state building occupancy to recognize addition of Lansing Township property to DTMB responsibility. <u>House</u> concurs.	Gross	\$0	\$644,200
	IDG	\$0	\$644,200
7. Adjutant General and Assistant Adjutant Retirement			
<u>Executive</u> provides funding for the costs of PA 99 of 2013, which returned the Adjutant General and Assistant Adjutant General to the defined benefit retirement system and reversed PA 255 of 2010, which had placed those appointees hired after January 1, 2011 into the state's defined contribution plan. <u>House</u> concurs.	Gross	\$0	\$437,000
	GF/GP	\$0	\$437,000
8. Professional Development Program			
<u>Executive</u> provides \$720,000 IDG authorization for ongoing costs of employee training and services under negotiated contract with UAW. <u>House</u> concurs.	Gross	\$0	\$720,000
	IDG	\$0	\$720,000
9. MiResults Maintenance			
<u>Executive</u> adds funding for maintenance of MiResults system that enables development and tracking of standardized scorecards and dashboard reports for all state agencies. System was rolled out in April 2012 and is currently in development with completion expected in September 2014. <u>House</u> concurs.	Gross	N/A	\$225,000
	GF/GP	N/A	\$225,000
10. Delta County Bridge			
<u>Executive</u> removes one-time funding in FY 2013-14 budget for removal of a deteriorated bridge over the Escanaba River. <u>House</u> concurs.	Gross	\$1,500,000	(\$1,500,000)
	GF/GP	\$1,500,000	(\$1,500,000)
11. U.S. Department of Labor Funding			
<u>Executive</u> includes technical adjustment to align federal funding authorization with amounts being received for collection and transmittal of labor statistics to federal authorities. <u>House</u> concurs.	Gross	N/A	(\$1,000,000)
	Federal	N/A	(1,000,000)
12. MSU Combined Sewer Overflow Project			
<u>Executive</u> removes one-time funding provided under boilerplate appropriation in FY 2013-14 budget pertaining to work at the site of the former Michigan State Police headquarters. The budget act appropriated up to \$430,000 for combined sewer overflow connections to the municipal sewer system at the old headquarters site. Funding was appropriated following return of asbestos abatement funds by Michigan State University. <u>House</u> concurs.	Gross	\$430,500	(\$430,500)
	GF/GP	\$430,500	(\$430,500)
13. Transfer ADA Staff to Civil Rights			
<u>Executive</u> transfers unit and funding associated with compliance activities under Americans with Disabilities Act (ADA) from DTMB to Department of Civil Rights. Of the \$583,400 total cost, only \$300,000 of GF/GP is being transferred to Civil Rights. The balance of the program's cost will be funded with an IDG from DTMB. An Executive Order to effect the administrative change is expected in March 2014. <u>House</u> concurs.	FTE	4.0	(4.0)
	Gross	\$583,500	(\$300,000)
	GF/GP	\$583,500	(\$300,000)
14. Recognize Additional Accounting Savings			
<u>Executive</u> includes technical adjustment to recognize additional savings under consolidation of accounting services. <u>House</u> concurs.	Gross	N/A	(\$42,500)
	IDG	N/A	(42,500)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
15. Statewide Cost Allocation Plan Adjustments		Gross	N/A
<u>Executive</u> incorporates technical adjustments pertaining to statewide cost allocation plan. <u>House</u> concurs.		IDG	110,000
		Restricted	(75,700)
		GF/GP	(\$34,300)
INFORMATION TECHNOLOGY		Gross	\$47,000,000
16. Enterprisewide Information Technology (IT) Investments		GF/GP	\$14,000,000
<u>Executive</u> adds \$28.0 million GF/GP for continuation of efforts targeting technology upgrades and replacing legacy systems, bringing total funding to \$75.0 million. <u>House</u> halves the Executive-proposed increase, bringing the total funding to \$61.0 million, and divides the funding between four line items (Health and Human Services, Enterprisewide Projects, General Government and Public Safety, and MAIN).		\$47,000,000	\$14,000,000
17. One-Time Technology Services Funding		Gross	\$21,300,000
<u>Executive</u> replaces current year's one-time technology services authorization of \$21.3 million IDG with \$6.9 million IDG to align authorization with agency funding requests. Consists of:		IDG	(14,400,000)
<ul style="list-style-type: none"> \$2.5 million for DEQ electronic document management project (DEQ funds with GF/GP). \$2.0 million for the third and final year of a rewrite of an IT application for the Liquor Control Commission (LCC/LARA funds with restricted revenues). \$2.4 million for development of a mobile application for LARA's Unemployment Insurance Agency (LARA funds with restricted revenues). 		21,300,000	(14,400,000)
<u>House</u> concurs.			
18. Michigan Public Safety Communications System (MPSCS)		FTE	100.0
<u>Executive</u> transfers MPSCS from State Police to DTMB and adds funds for equipment replacement. Program currently funded in DTMB with IDG from State Police, which uses GF/GP and about \$2.2 million in local subscriber and maintenance funds to support the program. Executive also recommends additional \$20.0 million for commencement of equipment lifecycle replacement schedule and \$5.3 million for statewide radio replacement cycle. Shift from State Police to DTMB also includes transfer of \$53,200 in local revenue currently retained by State Police for administrative costs. <u>House</u> concurs.		Gross	\$16,287,700
		IDG	16,287,700
		Local	0
		GF/GP	\$0
			\$25,353,200
			(16,287,700)
			2,183,000
			\$39,457,900
19. Cyber Security		FTE	10.0
<u>Executive</u> adds 3.0 FTEs and \$6.8 million for new cyber security initiatives; coupled with \$240,000 increase for full-year funding of positions partially funded in current year, total increase would be \$7.0 million. <u>House</u> concurs.		Gross	\$2,000,000
		GF/GP	\$2,000,000
			\$7,025,000
20. Technology Innovation Fund		Gross	\$2,500,000
<u>Executive</u> eliminates spending authorization for the revolving Technology Innovation Fund, established under the FY 2011-12 budget and retained in subsequent budget acts, as a means of financing loans to other state agencies and local governmental units for high-priority, low-cost projects that offer a significant return on investment. Executive seeks legislation to continue program under statute. <u>House</u> concurs.		GF/GP	\$2,500,000
			(\$2,500,000)
21. Align DTMB IT Funding with Agency Appropriations		Gross	\$477,153,800
<u>Executive</u> includes technical IDG authorization increase to align DTMB's budget with state agencies' FY 2013-14 enacted appropriations for information technology services and projects. <u>House</u> concurs.		IDG	477,153,800
			\$15,437,600

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
22. Align DTMB IT Funding with Agency Executive Recommendations for FY 2014-15 <u>Executive</u> includes technical IDG authorization adjustments to align DTMB's budget with changes proposed to agency budgets under Executive Recommendation for FY 2014-15. Reflects changes proposed in budgets for Corrections, Human Services, LARA, Strategic Fund, State Police, and Treasury. (Figures do not include IDG adjustment associated with transfer of MPSCS, explained in No. 20, below). <u>House</u> concurs.	FTE	1469.5	2.0
	Gross	N/A	\$6,099,200
	IDG	N/A	6,099,200
<u>CAPITAL OUTLAY</u>			
23. Special Maintenance <u>Executive</u> increases ongoing funding for maintenance and upkeep projects at state-owned properties from current \$18.0 million to \$23.0 million, and retains \$10.0 million in one-time funding for the third year. <u>House</u> concurs.	Gross	\$28,000,000	\$5,000,000
	GF/GP	\$28,000,000	\$5,000,000
24. State Building Authority (SBA) Rent Payments <u>Executive</u> includes a net reduction in funding for SBA rent payments to better align funding with debt obligations. Decreases of \$2.5 million for MDOC projects and \$11.6 million for other state agency projects are partially offset by increases of \$7.6 million for university projects and \$2.5 million for community college projects. <u>House</u> concurs.	Gross	\$258,570,600	(\$4,000,000)
	GF/GP	\$258,570,600	(\$4,000,000)
25. University and Community College Capital Outlay Projects <u>Executive</u> provides total of \$300 in one-time planning authorization for three new capital outlay projects, one each at Ferris State University (\$30.0 million, state share \$22.5 million), West Shore Community College (\$4.1 million, state share \$2.05 million), and Lake Michigan Community College (\$16.6 million, state share \$8.3 million). <u>House</u> excludes in anticipation of review by the Joint Capital Outlay Subcommittee.	Gross	N/A	\$0
	GF/GP	N/A	\$0
26. Transfer State Building Authority (SBA) to Treasury <u>Executive</u> transfers funding and FTEs for State Building Authority to Treasury, as provided under Executive Order 2013-8. Funding for SBA rent payments would continue to be appropriated in DTMB budget. <u>House</u> concurs.	FTE	4.0	(4.0)
	Gross	\$699,100	(\$699,100)
	Restricted GF/GP	699,100 \$0	(699,100) \$0
<u>ECONOMICS</u>			
27. Economic Adjustments <u>Executive</u> reflects increased costs of \$7.5 million Gross (\$3.7 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> concurs.	Gross	N/A	\$7,519,000
	IDG	N/A	2,574,900
	Federal	N/A	183,200
	Local	N/A	49,900
	Private	N/A	0
	Restricted GF/GP	N/A	970,900
		N/A	\$3,740,100

Major Boilerplate Changes From FY 2013-14

Executive Boilerplate Deletions

In general, the Executive 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 reporting requirements and other provisions of current law deleted by Executive.

Sec. 816. Requests for Proposals (RFPs) – RETAINED

Requires privatization RFPs to include all factors to be used in evaluating and determining price. Executive deletes, House retains.

Sec. 821. Office Space Consolidation – RETAINED

Requires DTMB to provide a detailed plan regarding the office space consolidation project, and specifies details to be included. Executive deletes, House retains.

Sec. 822c. Detroit River International Crossing – RETAINED

Prohibits DTMB appropriations from being used for the Detroit River International Crossing or any successor project. Executive deletes, House retains.

Major Boilerplate Changes From FY 2013-14

Sec. 822f. DTMB Fees and Rates – NEW

House adds requirement for DTMB to report on fee and rate schedules to be used by state departments and agencies for DTMB services, identifying changes from prior year, as well as factors driving any changes.

Sec. 822g. Wayland Police Post – NEW

House adds requirement for DTMB to assist Department of State Police as necessary in discussions with City of Wayland regarding a potential joint public safety building.

Sec. 831. Innovation Technology Innovation Revolving Fund – REVISED

In conjunction with elimination of funding, Executive deletes language providing for IT Innovation Revolving Fund. Pending enactment of associated legislation, House retains language, but adds provision stating that it is of no effect upon enactment of legislation that provides for the administration and use of the fund.

Sec. 836. Cloud Computing – NEW

House adds requirement for DTMB to conduct an analysis of public or private cloud computing technologies for new projects. Requires DTMB to conduct analysis of migrating existing projects or system upgrades to a cloud-based platform.

Sec. 890. Regional Prosperity Grants – REVISED

Executive allocates \$1.0 million of proposed increase to DTMB, to be used to assist state agencies with providing services along prosperity region boundaries. House omits, in conjunction with non-concurring with Executive's proposed increase. House concurs with Executive's addition of reporting requirements and new language allowing two or more regional planning organizations to submit a joint application.

Sec. 891. Litigation Fund Report – NEW

In conjunction with Executive's increase for litigation costs and renaming of line item to "Litigation Fund, House adds requirement for itemized report on fund expenditures.

FY 2014-15: DEPARTMENT OF TREASURY
Summary: As Reported by House Subcommittee
House Bill 5301 (H-1) Draft 2



Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$9,130,000	\$9,409,100	\$9,409,100			\$279,100	3.1
Federal	39,410,400	39,705,200	39,705,400			295,000	0.7
Local	1,959,500	1,982,500	1,982,500			23,000	1.2
Private	22,000	23,100	23,100			1,100	5.0
Restricted	1,494,780,500	1,629,043,600	1,629,043,400			134,262,900	9.0
GF/GP	240,991,300	269,175,100	265,675,100			24,683,800	10.2
Gross	\$1,786,293,700	\$1,949,338,600	\$1,945,838,600			\$159,544,900	8.9
FTEs	1,784.5	1,832.5	1,832.5			48.0	2.7

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

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 changes are summarized separately.

		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
Major Budget Changes From FY 2013-14 YTD Appropriations			
1. Constitutional Revenue Sharing	Gross	\$737,257,700	\$27,669,900
<u>Executive</u> provides \$27.7 million Gross (\$0 GF/GP) to adjust constitutional revenue sharing payments upward 3.8% in FY 2014-15 based on January Consensus Revenue Estimating Conference (CREC). Projected increase of \$28.2 million Gross (\$0 GF/GP) for FY 2015-16. <u>House</u> concurs.	Restricted	737,257,700	27,669,900
2. Economic Vitality Incentive Program (EVIP)	Gross	\$235,840,000	\$7,200,000
<u>Executive</u> includes by \$7.2 million Gross (\$0 GF/GP). Executive uses funding increase for 3.1% increase for 486 local units eligible to receive payment in FY 2013-14. <u>House</u> includes 1.0% increase for 486 local units eligible to receive payments in FY 2013-14 and uses remainder for per capita distribution to all units. House uses supplemental one-time EVIP funding (see #3) as part of per capita distribution to all local units of government.	Restricted	235,840,000	7,200,000
3. Supplemental Economic Vitality Incentive Program	Gross	N/A	\$28,800,000
<u>Executive</u> includes \$28.8 million Gross (\$0 GF/GP) one-time funding for an adjusted population per capita supplemental distribution to EVIP-eligible local units. Local unit population would be adjusted upward by 10% for each of the four criteria (See Boilerplate Sec. 952) a CVT qualified under. Only those 486 local units that currently qualify under EVIP would be eligible for Supplemental EVIP. Of the total amount, \$300,000 would support administration. One-time funding removed in FY 2015-16. <u>House</u> concurs with funding but uses to include all additional CVTs not eligible in FY 2013-14 (subject to \$5,000 minimum) in EVIP. Eligible payment would be based on per capita distribution for those newly eligible CVTs. A CVT eligible for a payment in FY 2013-14 eligible to receive more under per capita distribution would qualify for per capita distribution.	Restricted	N/A	28,800,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
4. County Revenue Sharing			
<u>Executive</u> increases county payments by \$65.4 million Gross (\$0 GF/GP) to achieve full funding for eligible counties in FY 2014-15. Maintains 80% of funding distributed through county revenue sharing and 20% through County Incentive Program. <u>House</u> concurs.			
	Gross	\$145,760,000	\$65,440,000
	Restricted	145,760,000	65,440,000
5. Competitive Grant Assistance Program			
<u>Executive</u> reduces Competitive Grant Assistance Program by \$10.0 million Gross (\$0 GF/GP) from FY 2013-14. <u>House</u> concurs.			
	Gross	\$15,000,000	(\$10,000,000)
	Restricted	15,000,000	(10,000,000)
6. Debt Service			
<u>Executive</u> provides \$3.0 million GF/GP to replace remaining amount of Refined Petroleum Fund in Debt Service. Debt service adjustments also include a net decrease of \$1.8 million GF/GP for scheduled FY 2014-15 adjustments. <u>House</u> concurs.			
	Gross	\$154,202,500	(\$1,807,500)
	Restricted	3,014,500	(3,014,500)
	GF/GP	\$151,188,000	\$1,207,000
7. Financial Independence Team			
<u>Executive</u> includes \$6.5 million GF/GP and 9.0 FTEs for the Department of Treasury's portion of a joint request with the Department of Education for a Financial Independence Team that would assist financially troubled school districts. <u>House</u> includes \$4.5 million GF/GP and 9.0 FTEs.			
	FTE	N/A	9.0
	Gross	N/A	\$4,500,000
	GF/GP	N/A	\$4,500,000
8. Office of Tax Implementation			
<u>Executive</u> includes \$1.6 million GF/GP and 9.0 FTEs to support new Office of Tax Implementation. The office would serve as a dedicated testing office to ensure all tax systems are properly tested. <u>House</u> concurs.			
	FTE	N/A	9.0
	Gross	N/A	\$1,550,000
	GF/GP	N/A	\$1,550,000
9. Convention Facility Development Fund			
<u>Executive</u> provides \$16.1 million Gross (\$0 GF/GP) in additional authorization due to expected increase in revenue collected to be distributed to local units. <u>House</u> concurs.			
	Gross	\$74,850,000	\$16,100,000
	Restricted	74,850,000	16,100,000
10. Payments in Lieu of Taxes			
<u>Executive</u> provides \$867,400 Gross (\$668,200 GF/GP) to cover expected 5.0% increase due to future purchases and estimated special assessment costs. <u>House</u> concurs.			
	Gross	\$17,347,100	\$867,400
	Private	22,000	1,100
	Restricted	3,962,200	198,100
	GF/GP	\$13,362,900	\$668,200
11. Personal Property Tax Reform			
<u>Executive</u> includes \$19.3 million GF/GP in one-time funding for two years for distribution of payments from the proceeds of the metropolitan area component tax. Additional \$1.5 million GF/GP and 9.0 FTEs in one-time funding included to support implementation of the personal property tax reform. One-time implementation funding removed in FY 2015-16 due to pending August 2014 ballot initiative. <u>House</u> concurs.			
	FTE	N/A	9.0
	Gross	N/A	\$20,800,000
	GF/GP	N/A	\$20,800,000
12. Credit Card Payment Services			
<u>Executive</u> includes \$2.0 million GF/GP and 6.0 FTEs to implement a program to accept credit card payments for individual income taxpayers. One-time funding and FTEs removed in FY 2015-16. <u>House</u> includes \$500,000 GF/GP and 6.0 FTEs. <u>House</u> included \$1.5 million in one-time start up in FY 2013-14 supplemental (PA 34 of 2014) which negated the need for \$1.5 million GF/GP in FY 2014-15 for startup costs.			
	FTE	N/A	6.0
	Gross	N/A	\$500,000
	GF/GP	N/A	\$500,000
13. Treasury Systems Upgrades			
<u>Executive</u> includes various data and system upgrades:			
• Tax System Technical Issues Resolution Unit: \$600,000 GF/GP and 6.0 FTEs	FTE	N/A	8.0
	Gross	N/A	\$1,601,000
• Data Governance and Storage System Upgrade: \$401,000 GF/GP and 2.0 FTEs	IDG	N/A	200,000
• Student Scholarships and Grants System Upgrade and Maintenance: \$400,000 GF/GP	GF/GP	N/A	\$1,401,000
• International Fuel Tax Agreement Tax Return Processing Center: \$200,000 Gross (\$0 GF/GP)			
<u>House</u> concurs.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
14. Fund Shifts	FTE	N/A	4.0
<u>Executive</u> includes various fund shifts and adjustments totaling \$706,100 Gross (\$41,900 GF/GP). <u>House</u> concurs:	Gross	N/A	\$706,100
<ul style="list-style-type: none"> Transfers State Building Authority from DTMB: \$699,100 Gross (\$0 GF/GP) and 4.0 FTEs MSHDA Director fringe benefit adjustment: \$7,000 Gross (\$0 GF/GP) Michigan Transportation Fund Adjustment: \$0 Gross (\$41,900 GF/GP) 	IDG	N/A	(41,900)
	Restricted GF/GP	N/A	706,100
		N/A	\$41,900
<u>House</u> concurs.			
15. Casino Gaming Adjustments	FTE	N/A	3.0
<u>Executive</u> includes various new positions and funding totaling \$412,300 Gross (\$0 GF/GP) and 3.0 FTEs to support operations:	Gross	N/A	\$412,300
<ul style="list-style-type: none"> \$113,600 Gross (\$0 GF/GP) to support Attorney General position to help with review of illegal gaming. \$76,600 Gross (\$0 GF/GP) to support secretarial position assisting in Criminal Investigations subunit. \$76,600 Gross (\$0 GF/GP) to support secretarial position supporting millionaire parties, Office of Racing Commissioner, Indian Gaming Section, and IT staff. \$129,500 Gross (\$0 GF/GP) to fund programmer that would support new IT systems. \$16,000 Gross (\$0 GF/GP) to adjust costs to actual changes for Attorney General Review of Indian Gaming Activities 	Restricted	N/A	412,300
<u>House</u> concurs with Executive changes and includes the following as an additional change:			
<ul style="list-style-type: none"> Fund source Transfer for Racing Commissioner: Replaces \$2.5 million in Equine Development Fund with State Services Fee Fund revenues to support regulation of horse racing – net change of \$0. 			
16. Removal of Other One-Time Appropriations	Gross	\$9,763,300	(\$9,763,300)
<u>Executive</u> removes various FY 2013-14 one-time appropriations:	Restricted	3,000,000	(3,000,000)
<ul style="list-style-type: none"> Treasury Sales, Use, and Withholding Replacement: \$1.8 million GF/GP Michigan Gaming Control Board System Replacement: \$3.0 million Gross (\$0 GF/GP) Office of Fiscal Responsibility: \$5.0 million GF/GP 	GF/GP	\$6,763,300	(\$6,763,300)
<u>House</u> concurs.			
17. Economic Adjustments	Gross	N/A	\$4,969,000
Reflects increased costs of \$5.0 million Gross (\$779,000 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>Executive</u> and <u>House</u> include.	IDG	N/A	121,000
	Federal	N/A	294,900
	Local	N/A	23,000
	Restricted	N/A	3,751,100
	GF/GP	N/A	\$779,000

Major Boilerplate Changes From FY 2013-14

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. 946. Convention Facility Development Fund Distribution – NEW

Specifies that revenue collected in the Convention Facility Development Fund is appropriated and distributed according to the Convention Facility Development Act. Executive includes as new section. House concurs.

Sec. 947. Financial Independence Teams – NEW

Stipulates that the financial independence teams shall cooperate with the office of fiscal responsibility to coordinate and streamline efforts in identifying and addressing fiscal emergencies in school districts and intermediate school districts. House includes as new section.

Major Boilerplate Changes From FY 2013-14

Sec. 951. Competitive Grant Assistance Program – REVISED

Includes direction for distribution of \$15.0 million appropriated for assistance grants to cities, villages, townships, and counties that elect to merge government services via a Competitive Grant Assistance Program; \$10.0 million of total available funding considered one-time appropriation. Includes authorities, school districts, ISDs, public community colleges, and public universities; includes work project language; and continues to make available unclaimed EVIP funds. Executive revises language to state that consideration may be given for projects that result in more efficient government services through increased cooperation and/or collaboration; amount appropriated revised to \$5.0 million. House concurs.

Sec. 952. Economic Vitality Incentive Program and County Incentive Program – REVISED

Specifies three category requirements for cities, villages, townships, and counties to meet to receive funding under the Economic Vitality Incentive Program and County Incentive Program. Creates bifurcated system whereby CVTs and counties that did not previously participate in the program would retain the FY 2012-13 requirements, while those CVTs that participated in FY 2012-13 would be required to meet new benchmarks. Distribution method allows for partial payments and ties each bi-monthly payment to a specific category. Executive revises to create Ongoing and Supplemental (One-Time) EVIP Programs; Ongoing EVIP keeps three category requirements but offers alternative method of qualifying for eligible payment by meeting 4 standards outlined in boilerplate. New Supplemental EVIP provides for adjusted population per capita distribution of \$28.5 million appropriated as one-time. Population would be adjusted upward by 10% for each of the four criteria a CVT qualified under. House does not concur with Executive changes. House revises language to include all CVTs and provide that they receive a 1% increase if the CVT was eligible for a payment in FY 2013-14 or \$7.14609 per capita, whichever is greater, subject to a \$5,000 floor. House revises category 2 to require 5.0% of eligible payment be committed to road construction or preservation. House revises category 3 to require 5.0% of eligible payment be committed to unfunded liabilities. House also revises category language to state that a CVT receiving less than \$50,000 does not have to comply with the categories to qualify for its eligible payment.

BUREAU OF STATE 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 deletes. House retains.

STATE BUILDING AUTHORITY

Executive transfers the following State Building Authority (SBA) boilerplate sections from DTMB to the Department of Treasury:

- Sec. 840. General Fund Advances (Sec. 1101)
- Sec. 841. Excess Facility Revenue (Sec. 1102)
- Sec. 843. Status of Construction Projects (Sec. 1103)

House concurs.

**FY 2014-15: DEPARTMENT OF TREASURY –
MICHIGAN STRATEGIC FUND**
Summary: As Reported by House Subcommittee
House Bill 5301 (H-1) Draft 2



Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	638,370,300	637,370,300	627,370,300			(11,000,000)	(1.7)
Local	4,433,500	4,433,500	4,433,500			0	0.0
Private	5,454,900	5,654,900	5,654,900			200,000	3.7
Restricted	141,851,300	142,678,700	142,678,700			827,400	0.6
GF/GP	218,163,900	229,292,500	192,392,500			(25,771,400)	(11.8)
Gross	\$1,008,273,900	\$1,019,429,900	\$972,529,900			(\$35,744,000)	(3.5)
FTEs	756.0	756.0	756.0			0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

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 functions of the MSHDA.

Major Budget Changes From FY 2013-14 YTD Appropriations

1. University Engineering Talent Investment Program

Executive includes \$7.9 million GF/GP for annual debt service on \$100.0 million in bonds associated with the new Engineering Talent Investment Program. The Michigan Strategic Fund (MSF) would distribute the funds on a competitive basis for capital improvements to facilities providing instructional, laboratory, or research support to engineering programs. Universities would be required to provide a minimum 25% match of the total project cost. House does not include.

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
Gross	N/A	\$0
GF/GP	N/A	\$0

2. Community College Skilled Trades Equipment Program

Executive includes \$4.6 million GF/GP for annual debt service on \$50.0 million in bonds associated with the new Community College Skilled Trades Equipment Program. The MSF would distribute the funds on a competitive basis for upgrades of instructional equipment with the latest technologies to assist in high-demand and high-skilled trade occupations training. Colleges would be required to provide a minimum 25% match of the total project cost. House concurs.

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
Gross	N/A	\$4,600,000
GF/GP	N/A	\$4,600,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change	
3. Business Attraction and Community Revitalization		Gross	\$120,000,000	(\$1,500,000)
<u>Executive</u> includes additional \$18.5 million Gross (\$15.0 million GF/GP) to support Business Attraction and Community Revitalization projects. Provides additional \$15.0 million GF/GP (\$10.0 million GF/GP considered one-time) to support community revitalization projects. Moves \$24.8 million GF/GP that was considered one-time appropriations in FY 2013-14 to the ongoing line item. Shifts \$3.5 million Gross (\$0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. One-time funding totaling \$10.0 million GF/GP removed in FY 2015-16. <u>House</u> includes net reduction of \$1.5 million Gross (\$5.0 million GF/GP) from FY 2013-14. Concurs with shift of \$3.5 million Gross (\$0 GF/GP) from Entrepreneurship Eco-system line.		Restricted GF/GP	17,500,000 \$102,500,000	3,500,000 (\$5,000,000)
4. Entrepreneurship Eco-System		Gross	\$28,500,000	(\$3,500,000)
<u>Executive</u> shifts \$3.5 million Gross (\$0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. See #3. <u>House</u> concurs.		Restricted	28,500,000	(3,500,000)
5. Film Incentives		Gross	\$50,000,000	(\$25,000,000)
<u>Executive</u> includes \$25.0 million GF/GP film incentives which is a reduction of \$25.0 million GF/GP from FY 2013-14. Funding is reclassified from one-time to ongoing. <u>House</u> concurs.		GF/GP	\$50,000,000	(\$25,000,000)
6. Pure Michigan		Gross	\$29,000,000	\$2,000,000
<u>Executive</u> provides \$2.0 million GF/GP to increase support for Pure Michigan marketing campaign. Funds would be used to expand current advertising campaign for spring/summer and enhance international marketing in Canada, Europe, and Asia. <u>House</u> concurs.		Restricted GF/GP	29,000,000 \$0	0 \$2,000,000
7. Arts and Cultural Grants		Gross	\$8,150,000	\$2,000,000
<u>Executive</u> provides \$2.0 million GF/GP to increase support for arts and cultural grants to local communities. <u>House</u> concurs.		Federal Private GF/GP	1,050,000 100,000 \$7,000,000	0 0 \$2,000,000
8. Automotive, Engineering, and Manufacturing Technology Fund		Gross	N/A	\$0
<u>Executive</u> includes \$5.0 million GF/GP in one-time funding for new program to assist in the global marketing of Michigan's automotive sector and public-private partner engagement and collaborations within the auto industry. Funding removed in FY 2015-16. <u>House</u> does not include.		GF/GP	N/A	\$0
9. Land Bank Fast Track Authority – MSHDA		FTE	6.0	0.0
<u>Executive</u> includes \$4.0 million GF/GP to support Land Bank Fast Track Authority Good Neighbor Program (\$2.0 million GF/GP) and operations (\$2.0 million GF/GP). Land Bank shifted to MSHDA. <u>House</u> concurs.		Gross	\$1,300,000	\$3,950,000
		Federal Restricted GF/GP	1,000,000 300,000 \$0	0 0 \$3,950,000
10. Removal of Special Projects		Gross	\$4,650,000	(\$4,625,000)
<u>Executive</u> eliminates \$4.6 million GF/GP in projects included in the Job Creation Services line item. Projects included grants to Kalamazoo Valley Community College (\$2.0 million GF/GP); Grand Rapids Public Museum (\$2.0 million GF/GP); Holland Windmill Restoration (\$375,000 GF/GP); and Chaldean Association (\$200,000). <u>House</u> concurs.		GF/GP	\$4,650,000	(\$4,625,000)
11. Technical Adjustments		Gross	N/A	(\$1,291,900)
<u>Executive</u> adjusts various line items by \$1.3 million Gross (\$0 GF/GP) to align funding with anticipated revenues and expenditures. <u>House</u> concurs.		Federal Private	N/A N/A	(1,448,800) 156,900
12. Welfare-to-Work		Gross	\$89,357,200	(\$14,000,000)
<u>House</u> includes downward adjustment of \$4.0 million GF/GP due to downward trend in caseloads. Eliminates \$10.0 million Gross (\$0 GF/GP) in Federal Workforce Investment Act authorization due to non-receipt.		Federal GF/GP	74,132,400 \$15,224,800	(10,000,000) (\$4,000,000)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
13. Economic Adjustments	Gross	N/A	\$1,622,900
Reflects increased costs of \$1.6 million Gross (\$303,600 GF/GP) for MSF and \$818,300 Gross (\$0 GF/GP) for MSHDA for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>Executive</u> and <u>House</u> concur.	Federal	N/A	448,800
	Private	N/A	43,100
	Restricted	N/A	827,400
	GF/GP	N/A	\$303,600

Major Boilerplate Changes From FY 2013-14

Executive Boilerplate Deletions

In general, the Executive 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 reporting requirements.

Sec. 986. Land Bank Fast Track Authority Operations Report – NEW

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. House includes as new section.

Sec. 1007. Program Reporting Requirements – REVISED

Requires report on grants, investments, and activities of each program administered by MSF or MEDC, including spending and FTEs; requires report on tourism promotion and business marketing expenditures and revenues by source. House revises to include subsection requiring performance metrics report with regards to the Michigan Business Development Program, the Community Revitalization Program, and film incentives.

Sec. 1010. Jobs For Michigan Investment Fund Report – NEW

Requires report on revenues and expenditures, including year-end balance of the Jobs For Michigan Investment Fund. House includes as new section.

Sec. 1034b. Van Andel Institute Funding – RETAINED

Requires \$500,000 of the funding appropriated for Innovation and Entrepreneurship be used to provide a grant to the Van Andel Institute to be used as a match for funding received from the department of defense and the national institutes of health for advanced medical research. Executive deletes. House retains.

Sec. 1034c. Macomb-Oakland University INCubator – NEW

Requires not less than \$500,000 of the funds appropriated for Entrepreneurship Eco-System to be allocated to the Macomb-Oakland University INCubator. House includes as new section.

Sec. 1040. MAIN System Reporting – RETAINED

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

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, 2014. Executive deletes. House retains.

Sec. 1042. Business Attraction and Community Revitalization Funds Reporting – NEW

Requires the fund to report quarterly on the amount of funds considered appropriated, pre-encumbered, encumbered, and expended. Report shall include funds previously appropriated that have lapsed back to the fund after being considered appropriated, pre-encumbered, encumbered, or expended for any reason. House includes as new section.

Sec. 1051. Engineering Talent Investment Program Debt Service – NOT INCLUDED

Stipulates that no long-term indebtedness shall be issued by the MSF until the MSF board approves the RFP and guidelines for the Engineering Talent Investment Program. Specifies that up to \$100.0 million shall be made available for capital improvements at public universities that are necessary to enhance talent critical to Michigan's economic growth. Program awards shall be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for universities. Provides guidelines for program and requirements for universities participating in program. 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 includes as new section. House does not include.

Major Boilerplate Changes From FY 2013-14

Sec. 1052. Community College Skilled Trades Equipment Program Debt Service – NEW

Stipulates that no long-term indebtedness shall 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 shall 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. Awards shall 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 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 includes as new section. House concurs.