



**Senate Fiscal Agency**  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**BILL ANALYSIS**



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**House Bill 5313 (H-1) CR-1:  
FY 2014-15 General Omnibus Appropriation Bill**

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\* General Government includes FY 2014-15 appropriations for the following budget areas: Attorney General; Civil Rights; Executive; Legislature; State; Technology, Management, and Budget; and Treasury.

<b>General Omnibus Appropriation Bill House Bill 5313 (H-1) CR-1</b>		
<b>Department/Budget Area</b>	<b>FY 2014-15 Gross Appropriation</b>	<b>FY 2014-15 GF/GP Appropriation</b>
Agriculture and Rural Development .....	\$84,462,200	\$45,916,200
Attorney General .....	93,822,300	38,267,100
Civil Rights .....	16,644,200	13,448,200
Community Health.....	18,215,375,900	3,239,701,400
Corrections .....	2,040,521,700	1,980,798,400
Education .....	287,096,100	82,083,000
Environmental Quality .....	502,591,800	40,875,900
Executive .....	5,916,100	5,916,100
Human Services .....	5,755,174,700	995,452,600
Insurance and Financial Services .....	65,189,700	55,000
Judiciary .....	287,767,600	186,527,400
Legislative Auditor General .....	22,158,800	14,937,300
Legislature .....	131,930,500	127,420,700
Licensing and Regulatory Affairs .....	542,488,200	40,033,800
Military and Veterans Affairs .....	166,943,700	49,154,500
Natural Resources .....	384,685,400	48,591,500
State .....	223,984,900	17,539,000
State Police .....	639,573,000	384,171,000
Technology, Management, and Budget .....	1,262,810,400	479,098,500
Transportation .....	3,701,098,600	286,147,900
Treasury-Debt Service .....	152,395,000	152,395,000
Treasury-Operations .....	605,186,400	177,668,300
Treasury-Revenue Sharing .....	1,226,312,400	0
Treasury-Strategic Fund Agency .....	964,129,900	183,992,500
<b>Total Budget Area Appropriations .....</b>	<b>\$37,378,259,500</b>	<b>\$8,590,191,300</b>
Budget Stabilization Fund Appropriation.....	\$94,000,000	\$94,000,000
<b>Total General Omnibus Appropriations.....</b>	<b>\$37,472,259,500</b>	<b>\$8,684,191,300</b>

<b>Education Omnibus Appropriation Bill House Bill 5314 (H-2) CR-1</b>		
<b>Department/Budget Area</b>	<b>FY 2014-15 Gross Appropriation</b>	<b>FY 2014-15 GF/GP Appropriation</b>
Community Colleges .....	\$364,724,900	\$167,110,800
Higher Education.....	1,516,496,300	1,214,902,000
School Aid K-12 .....	13,870,325,600	114,900,000
<b>Total Education Omnibus Appropriations.....</b>	<b>\$15,751,546,800</b>	<b>\$1,496,912,800</b>

	<b>FY 2014-15 Gross Appropriation</b>	<b>FY 2014-15 GF/GP Appropriation</b>
<b>TOTAL GENERAL/EDUCATION APPROPRIATIONS</b>	<b>\$53,223,806,300</b>	<b>\$10,181,104,100</b>



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$81,433,300**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- |   |             |
|---|-------------|
| 1. <b>Pesticide and Plant Pest Management.</b> Governor, Senate, and House added \$800,000.   | 800,000     |
| 2. <b>Building Occupancy Fund Shift.</b> Governor, Senate, and House recommended a fund shift for building occupancy charges of \$419,400 from Federal to GF/GP to reflect available revenue. | 0           |
| 3. <b>One-Time Appropriations for FY 2013-14.</b>   | (3,400,000) |
| 4. <b>Reductions to Reflect Actual Revenues Received.</b>   | (1,854,100) |
| 5. <b>Economic Adjustments.</b>   | 347,900     |

Conference Agreement on Items of Difference

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|--|-----------|
| 6. <b>Dairy Inspection Program.</b> Governor and Senate recommended \$600,000 and 4.0 FTEs. House did not include. Conference concurred with Senate.   | 600,000   |
| 7. <b>Food and Agriculture Industry Growth Initiative.</b> Gov. and Senate recommended \$2.0M in one-time additional GF/GP funding. House provided \$250,000 less. Conference concurred with Senate.               | 2,000,000 |
| 8. <b>Food Safety Program.</b> Governor and Senate recommended an additional \$1,160,000 GF/GP. House included \$300,000 less. Conference concurred with Senate.   | 1,160,000 |
| 9. <b>Qualified Forest Program.</b> Governor and Senate included an additional \$2,335,000 Gross. House included \$600,000 less. Conference concurred with Senate.   | 2,335,000 |
| 10. <b>Shift of Refined Petroleum Fund Support to GF/GP.</b> Senate recommended eliminating the use of this fund for funding MDARD programs and shifting that funding (\$3,912,000) to GF/GP. Conference rejected. | 0         |
| 11. <b>Engine Oil Inspection and Enforcement.</b> Senate added 1.0 FTE and \$190,000 GF/GP. Conference rejected.   | 0         |
| 12. <b>Commercial Forestry Audit Program.</b> Senate added \$150,000 GF/GP program. Conference concurred.  | 150,000   |
| 13. <b>Horse Racing Shift.</b> House shifted horse racing funding of \$1,889,800 to MDARD from Treasury. Conference rejected.  | 0         |
| 14. <b>New Grants.</b> Conference added \$200,000 for Muskegon farmers market and \$500,000 for Ottawa county agriculture incubator.   | 700,000   |
| 15. <b>Shows and Exposition Grants.</b> House added. Conference concurred.   | 50,000    |
| 16. <b>County Fair Grants.</b> Conference added increase for \$320,000 total.  | 18,400    |
| 17. <b>MAEAP (Michigan Agriculture Environmental Assurance Program) Reduction.</b> House included \$300,000 reduction to MAEAP. Conference did not concur.   | 0         |
| 18. <b>Farmland and Open Space Program.</b> Conference added GF/GP increase.   | 321,700   |
| 19. <b>Unclassified Salaries.</b> Conference reduced.  | (200,000) |
| 20. <b>FY 2014-15 One-Time Appropriations Totals:</b> \$2.7 million  |           |

Total Changes .....	(\$444,200)
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**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$80,989,100**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Legacy Costs.** Governor, Senate, and House added NEW language which reports appropriations in part 1 for pension and health care legacy costs. (Sec. 232)

Conference Agreement on Items of Difference

2. **Commercial Forestry Audit Program.** Senate and Conference added NEW language providing guidelines for commercial forestry audit program. (Sec. 609)
3. **Eastern Michigan Foodbank.** Senate and Conference added NEW language to specify that \$200,000 in rural development value – added grants shall be designated for the Eastern Michigan Foodbank for completion of its "Food Hub" facility. (Sec. 701(7))
4. **Food and Agriculture Industry Growth Initiative.** Governor, Senate, and Conference changed funding reference from "Strategic Fund" to "outside sources". (Sec. 711)
5. **Michigan Tech/Pulp and Paper Partnership.** Senate added NEW language to specify that \$390,000 in food and agriculture industry growth initiative funds be designated for a public private partnership consisting of Michigan Tech and a Pulp and Paper manufacturing operation on opportunities related to combined heat and power co-located with sustainable agriculture food processing operations. Conference reduced amount to \$250,000. (Sec. 711(7))
6. **Thoroughbred Purse Disbursement.** Governor and Senate eliminated language providing for disbursement of thoroughbred purse funds in the event no races are held. Conference rejected elimination. (Sec. 803)
7. **Receive and Expend.** Conference included language allowing the receipt and expenditure of additional Federal funds for environmental stewardship. (Sec. 604)
8. **MAEAP Expenditures.** House and Conference added language to limit expenditures for administration or implementation of MAEAP programs. (Sec. 605)
9. **Shows and Expositions Grants.** House and Conference added language providing guidelines for disbursement of NEW \$50,000 grant program. (Sec. 806)
10. **Horse Racing Regulatory Costs.** Senate and Conference retains language which requires accounting of regulation costs. (Sec. 804)
11. **Benchmark Language.** Conference added a revision of House language requiring measurement of performance of budget increases over \$500,000. (Sec. 205)
12. **Local Conservation Districts.** Conference included House language which provides guidelines for expenditures for conservation districts. (Sec. 603)

Date Completed: 6-12-14

Fiscal Analyst: Bruce Baker



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$16,543,793,400**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Medicaid Match Rate.** The Medicaid match rate will decrease from 66.14% to 65.54%, leading to a cost increase of \$79.3 million GF/GP. 0
- 2. **Medicaid Base and Caseload.** Conference reflected Medicaid base adjustments. 82,908,900
- 3. **Medicaid Expansion.** Conference budget reflected full-year Gross costs and GF/GP savings from implementation of the Healthy Michigan Program, commonly referred to as Medicaid expansion. The State has a number of programs serving this population using GF/GP dollars, especially Community Mental Health (CMH) non-Medicaid services, so the budget projects full-year GF/GP savings on these programs of \$232.1 million. 1,080,725,600
- 4. **Economic Adjustments.** Included a negative \$2,427,900 Gross and a negative \$991,200 GF/GP for OPEB and \$11,249,800 Gross and \$4,235,400 GF/GP for other economic adjustments. 8,821,900
- 5. **Other Changes.** Other changes resulted in a small reduction in appropriations. (2,380,500)

Conference Agreement on Items of Difference

- 6. **Technical Adjustments.** Conference included technical adjustments, including adjustments to the Specialty Network Access Fee program, adjustments to special financing, and termination of an outpatient hospital pool. (141,388,300)
- 7. **Medicaid Managed Care Actuarial Soundness.** Conference provided a 2.5% increase for Medicaid physical health and a 1.5% increase for Medicaid mental health to meet Federal guidelines that rates be actuarially sound. In addition, a reserve was created to cover the cost of new Federal managed care taxes. Total cost was \$72.0 million GF/GP. 208,958,900
- 8. **Medicaid Primary Care Services Rate Increase.** The Medicaid primary care rate increase to Medicare levels is funded with 100% Federal funds until December 31, 2013. Conference removed the Federal funding but retained half of the increase effective January 1, 2015, at a cost of \$25.0 million GF/GP. (273,368,800)
- 9. **Program Increases.** Conference expanded Health and Wellness programming, implemented Mental Health and Wellness Commission recommendations, increased Local Public Health, concurred with Governor's Aging Services increases, expanded the Home and Community Based Waiver, expanded Healthy Kids Dental, and increased Medicaid obstetric payments to hospitals and physicians. Total cost \$58.7 million GF/GP. 127,443,500
- 10. **Governor's Proposed Reductions.** Conference rejected proposed elimination of the rural/sole community hospital pool and graduate medical education funding. 0
- 11. **Health Insurance Claims Assessment (HICA) and Use Tax.** Conference reflected enactment of HICA rate reduction and Use Tax implementation, including covering managed care Use Tax costs and eliminating the HICA deficit. \$338.1 million GF/GP. 580,095,700
- 12. **FY 2014-15 One-Time Appropriations.** Changes to one-time appropriations including elimination of the mental health innovations pool, transfer of one-time GME funding to ongoing, funding for autism services, \$5.0 million for the mental health and wellness commission recommendations, and other projects. (234,400)

Total Changes ..... **\$1,671,582,500**

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$18,215,375,900**

**Amount Over/(Under) GF/GP Target: \$**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Legacy Costs.** Senate included new language specifying the legacy costs at \$49,676,000 for pension-related costs and \$39,448,600 for retiree health care costs for the year. (Sec. 297)

Conference Agreement on Items of Difference

2. **Healthy Michigan Plan.** Conference included new language stipulating that should the enacting legislation regarding the Healthy Michigan Plan be amended, repealed, or altered funds appropriated in that line would only be able to be used to pay bills accrued up until the effective date of amending, repeal, or alteration. (Sec. 252)
3. **Contracts for Mental Health Services for Special Populations.** Governor and House modified language to require competitive bidding for the dispersal of grants to multicultural service providers. Senate retained current year language. Conference revised language to require establishment of metrics. (Sec. 403)
4. **Housing Rehabilitation and Hazard Abatement Task Force.** Conference included new language which requires the Department to work with DHS and MSHDA to review housing rehabilitation, energy and weatherization, and hazard abatement program policies. (Sec. 1139)
5. **Certification of Health Plan and PIHP Rates as Actuarially Sound.** Conference retained current year language. (Sec. 1764)
6. **Health Insurer Fee Reserve Fund.** Conference included new language establishing a reserve fund of \$30.0 million GF/GP and associated Federal Match to cover the cost of the 2015 insurance provider's fee. These funds may only be expended after the IRS finalizes the percent assessment for 2015. (Sec. 1765)
7. **Rural Hospital Funding.** Senate retained current year language allocating \$12.0 million GF/GP, along with associated Federal match. Conference concurred with Senate, but modified limits on payments to any one hospital from a maximum of 5% of the pool to 10%. (Sec. 1866)
8. **Graduate Medical Education (GME).** Conference modified language on GME to require the Department to work with Michigan based medical schools to create a GME consortium to be known as MiDocs. Also, allocates \$500,000 for the legal creation of the consortium, to obtain ACGME accreditation and develop new residency programs within the State. (Sec. 1870)
9. **Medicaid Health Plan Performance Standards.** Conference included new language requiring the Department to establish contract performance standards for Medicaid health plans three months before their implementation. Language would only apply to contract performance standards associated with the capitation withhold and altered the time frame to at least three months before implementation. (Sec. 1888)
10. **Harper-Hutzel Hospital Funding.** Senate included new language allocating a DSH payment of \$6,500,000 GF/GP plus associated Federal match to Harper-Hutzel Hospital. Conference removed. (Sec. 1895)
11. **Diabetes Manifestation in Medicaid.** Conference included new language requiring reports on the prevalence of gestational diabetes in the Medicaid population and the Medicaid program performance on diabetes specific measures. Language would allocate up to \$35,000 contingent upon the receipt of matching private funds for the study on gestational diabetes. (Secs. 1896 and 1897)

Date Completed: 6-9-14

Fiscal Analyst: Steve Angelotti and Ellyn Ackerman



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$2,056,646,800**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

1. **Facilities and Central Records Adjustments.** Governor increased funding for two on-going activities. One request is IT upgrades and enhancements, \$500,000 GF/GP, and the other is central facility maintenance projects, \$600,000 GF/GP. All rejected by the Senate and House. Conference did not include. 0
2. **Expansion of Technology in Parole/Probation Staff.** Governor, Senate, and House proposed use of on-going as well as an initial one-time funding to allow technology upgrades for parole/probation agents to spend more of their time in the field, \$1,023,000 GF/GP. 1,023,000
3. **Healthy Michigan Savings.** Governor, Senate, and House recognized savings from expanded eligibility resulting from an estimated 80% of inmates and parolees attaining Medicaid eligibility for covered services outside of secure facilities. This would generate savings (all GF/GP) for off-site services. (19,080,800)
4. **Final Neal et al. Settlement Payment.** This is the final year of the Neal et al. lawsuit settlement payment which is \$25,000,000 for the final period instead of the \$20,000,000 in prior years. The payment has been moved to one-time from on-going in order to recognize the conclusion of the settlement funding. 5,000,000
5. **Economic Adjustments.** Senate and House included a negative \$8,198,800 Gross and a negative \$8,013,800 GF/GP for OPEB and \$30,045,800 Gross and \$29,226,000 GF/GP for other economic adjustments. 21,847,000

Conference Agreement on Items of Difference

6. **Departmental Efficiencies Savings.** Conference utilized departmental savings from efficiency of at the Northern, Southern, and Central administrative facilities as well as other facilities with an expected savings of \$11,900,000 Gross and GF/GP. (11,900,000)
7. **Healthcare Related Items.** The Governor included a new treatment protocol for prisoners with Hepatitis C treatment at \$4,900,000 GP/GP. Senate included \$100 placeholder and House did not include. Conference agreed to \$4,400,000 GF/GP. Governor and House added \$1,482,300 Gross, \$1,233,500 GF/GP for health care administration and training. Senate did not include. Conference concurred with House. 5,633,500
8. **Deployment of Regionalization and Diversion Strategies.** Governor and Senate expanded leased bed space from local county sheriff departments, \$4,000,000 GF/GP and \$449,000 for the utilization of local resources for the prosecution. House did not include. Conference agreed to \$4,000,000 for leased beds and \$300,000 for prosecution expenses. House proposed \$449,000 for re-entry legal assistance. Governor and Senate did not include. Conference included \$149,000. 4,449,000
9. **Removal of Departmental Accounting Items and Other Adjustments.** Conference removed one-time appropriation for custody staff training ~\$9.0 million GF/GP, eliminated uncollected Restricted funds, \$15,541,300 Gross, \$0 GF/GP, Senate added an IDG to DHS of \$3,000,000 Gross and GF/GP which Governor and House did not include. Conference included \$1,000,000. Senate added \$4,500,000 GF/GP for Goodwill flip the script program. Governor and House did not include. Conference agreed to \$2,500,000 GF/GP. (23,096,800)

Total Changes ..... (\$16,125,100)

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$2,040,521,700**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Definitions.** Twenty definitions were eliminated from the bill, ranging from simple acronyms such as GED means "general educational development certificate", to broader definitions for concepts such as recidivism or cost per prisoner. Fifteen definitions remain in the bill with such terms as: administrative segregation, residential substance abuse treatment, and Medicaid benefit. One definition added was for MDHS meaning the Michigan Department of Human Services (Sec. 5-203). The Senate and House restored all of these cuts.
2. **Deletions.** Governor eliminated the majority of current-year boilerplate; there are approximately 53 sections or subsections eliminated which include: 206, 207, 212, 214, 219, 238, 239, 245, 304, 305, 402, 405, 407, 410(1 & 2), 411, 412, 413, 417, 418, 419, 420, 431, 434, 506, 601, 608, 611, 612, 615, 802, 806, 807, 809, 814, 816, 904, 907, 910, 911, 912, 913, 916, 925, 937, 939, 940, 942, 947, 1009, 1011, 1201, and 1202. Deletions include a variety of reporting requirements, statements of legislative intent, and guidance on certain programs. Senate and House restored most of these deletions.
3. **Legacy Costs.** Governor, Senate, and House added a new section which states the total legacy costs as well as the separately stated legacy pension and retiree health care costs. (Sec. 5-246)
4. **Mental Health Diversion Council.** Governor, Senate, and House added a new section which directs \$1,000,000 of amount appropriated for the mental health pilot programs to be used in accordance with the directions of Mental Health Diversion Council. (Sec. 5-421)

Conference Agreement on Items of Difference

5. **Revisions.** Senate changed the span of control from 5 to 8 in the Central, Southern, and Northern administrative facilities. House change from 5 to 7. Conference concurred with Senate. (Sec. 5-239). Senate and House made separate changes to the administrative segregation language, to avoid risks of Federal consent decrees within MDOC facilities. Conference adopted compromise language. (Sec. 5-924 and Sec. 5-929)
6. **Areas for Dedication of Financial Savings.** Senate added language to dedicate savings in the Department's budget to early childhood education, K-12 education, higher education, and to local law enforcement entities through revenue sharing with the intent to reduce crime rates as well as roads. House did not include. Conference concurred with Senate. (Sec. 5-204)
7. **Security Levels of Past ERD Prisoners.** Senate adopted language for the Department to submit a report detailing the security levels of all past-ERD prisoners by October 1. House adopted separate language. Conference concurred with Senate. (Sec. 5-232)
8. **Performance Measures.** House included performance measure language to detail benchmarks to determine return on taxpayer investment. Governor and Senate did not include. Conference concurred with House. (Sec. 5-247)
9. **LEAN Process for Past ERD Prisoners.** Senate added language for zero-waste processing of prisoner programming to reduce the backlog in past-ERD prisoner population and allow for a temporary staff increase to clear the backlog through the recommendations of the LEAN process. House did not include. Conference included the Senate language. (Sec. 5-403 and Sec. 5-404)
10. **Michigan Rehabilitation Services Interdepartmental Grant.** Senate expanded the service potential of MRS by utilizing cross-department collaboration with the Swift-and-Sure program to reduce potential prisoner intake by using an alternative judicial process. House did not include. Conference changed the amount, but included Senate language. (Sec. 5-406)
11. **Workforce Development Collaboration.** Senate added on language requiring the Department to engage with state agencies and local entities to ensure that the vocational training and education opportunities in correctional facilities are high-quality, demand driven, locally receptive, and responsive to the needs of communities where the prisoners are expected to reside post release from correction facilities. House did not include. Conference concurred with Senate. (Sec. 5-409)
12. **Goodwill Flip the Script.** Conference added language that requires the Department to contract with a nonprofit entity to assist persons aged 16-29 with education and employment skills in an effort to keep them out of prison. (Sec. 5-437)
13. **Correctional Facility Quality Assurance Report.** Senate added language for a reporting requirement for the Department in which correctional facilities will be analyzed for infrastructure concerns. The Department shall report metrics associated with the all facilities and report on the condition in a report by October 1. House did not include. Conference adopted modified language. (Sec. 5-508)
14. **Strategic Plan Reporting.** Conference added language that requires the Department to report on strategies to decrease recidivism rate, increase rehabilitative function of facilities, and ensure prisoner readiness to re-enter society after incarceration. (Sec. 5-511)
15. **Standardization of Medical Release Form.** Conference added language that requires the Department to create a standard medical release form which will allow a family member to access medical records of those incarcerated. (Sec. 5-803)
16. **Health Care Coverage for Dependents.** Conference added language that requires Department to determine eligibility of prisoners for dependent health care coverage. (Sec. 5-805)

Date Completed: 6-6-14

Fiscal Analyst: John Maxwell

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$298,366,000**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

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|--|------------|
| 1. <b>Office of Great Start.</b> Governor, Senate, and House proposed 3.0 additional FTEs and \$404,000 in Gross and GF/GP to provide greater analysis, oversight, and assistance regarding early childhood.   | 404,000    |
| 2. <b>Child Development and Care (CDC) Program.</b> Governor, Senate, and House proposed increasing allowable bi-weekly hours from 80 to 90 for an additional \$6.9 million in Gross and to have a tiered reimbursement system for child care providers for an additional \$3.7 million in Gross. There is no additional GF/GP funding due to increased Federal revenue. | 10,572,000 |
| 3. <b>MPSERS Rate Cap.</b> Governor, Senate, and House increased the State share to libraries to pay for the 20.96% rate cap.  | 900,000    |
| 4. <b>Transfer to Libraries.</b> Governor, Senate, and House transferred MPSERS reform (\$1.3 million GF/GP) and Renaissance Zone Reimbursement payments to libraries (\$3.2 million GF/GP) from School Aid.   | 4,500,000  |
| 5. <b>Economic Adjustments.</b> Included \$1,867,400 Gross and \$274,400 GF/GP.  | 1,867,400  |
| 6. <b>Accountability Services.</b> Governor, Senate, and House transferred Federal funding for accountability services from School Aid, which included no additional GF/GP dollars.  | 2,000,000  |

Conference Agreement on Items of Difference

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|--|--------------|
| 7. <b>CDC Caseloads.</b> Conference reduced CDC public assistance by \$36.6 million Gross (\$0 GF/GP) to reflect the caseload projections agreed upon at the May 2014 Consensus Revenue Estimating Conference.   | (36,624,000) |
| 8. <b>Educator Evaluations and Assessments Phase-In.</b> Governor proposed appropriating 21.0 FTEs and \$5.0 million in ongoing costs and \$0.9 million in one-time costs to implement educator evaluations and assessments. Senate and House did not concur. Conference appropriated \$3.4 million (\$0.9 million as one-time) Gross and GF/GP in a reserve fund that will be used to implement educator evaluations and assessments upon enactment of HB 5223 and HB 5224. | 3,414,000    |
| 9. <b>Financial Independence Team.</b> Governor and Senate proposed 4.0 FTEs and \$0.8 million Gross and GF/GP to implement an early warning system to identify and assist districts in financial distress. House placed two \$100 placeholders. Conference concurred with Governor and Senate.  | 778,100      |
| 10. <b>School Reform Effort.</b> Governor and Senate included 6.0 additional FTEs and \$0.9 million Gross and GF/GP for School Reform Efforts. This increase reflects the need to monitor over 200 lower performing districts, which was previously at 100. House only included an additional 2.0 FTEs and \$0.3 million Gross and GF/GP. Conference concurred with the Governor and Senate.   | 918,600      |
| 11. <b>MPSERS Rate Reduction for Public Libraries.</b> Governor and House proposed a reduction in the contribution rate from 20.96% to 19.76%. Senate and Conference maintained the MPSERS contribution rate at 20.96% for participating public libraries.   | 0            |

**Total Changes ..... (\$11,269,900)**

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$287,096,100**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Definitions.** Governor, Senate, and House deleted the definition for "HHS", added definitions for "Participating entity", "Retirement board", and "retirement system". (Sec. 203)
2. **Section Removed by Governor, Retained by Senate and House.** The Governor removed; Senate and House retained sections 208 (Records of Sexual Misconduct), 211 (Publishing Adequate Yearly Progress), 216 (Protecting Employee Testimonies), 218 (Maintain Reports), 220 (Providing Information to the Legislature), 803 (Keeping the Library Unit together), 901 (Grant received by the Department), 1001 (Reports on childcare providers), 1003 (Reports on ECIC), and 1004 (requirements on Head Start Center-Based Programs).
3. **Common Core.** In response to HCR 11 being approved, which allowed funds to be used to implement Common Core, the Governor, Senate, and House removed language that restricted funds from being used to implement the Common Core. (Sec. 231)
4. **Estimated Legacy Costs.** Governor, Senate, and House estimated total legacy costs at \$15.6 million in Gross and GF/GP, \$8.7 million will go toward pension-related legacy costs and \$6.9 million will go toward retiree health care costs. (Sec. 231)
5. **Monitoring Services.** Governor, Senate, and House deleted a section earmarking \$180,000 for sub-recipient monitoring services. (Sec. 232)
6. **Employees for Deaf and Blind Schools.** Governor, Senate, and House proposed allowing employees that work on a school-year basis be considered as annual employees for purposes of service credits, retirement, and insurance. (Sec. 401)
7. **Legislative Intent.** Governor removed; Senate/House retained section that gives legislative intent for 2015-16. (Sec. 1201)

Conference Agreement on Items of Difference

8. **Payments to Locals.** Governor adjusted the payments to locals, to reflect the transfer of MPSERS and Renaissance Zone Reimbursement for public libraries from School Aid to the Department, and decreased the MPSERS rate cap to 19.76%. Senate concurred with Governor but maintained the MPSERS rate cap at 20.96% and increased State aid to libraries by 4.0%. House concurred with Governor, but increased State aid to libraries by 6.9%. Conference only concurred with the transfers. (Sec. 201)
9. **Performance Measurement.** House and Conference required the Department to establish benchmarks in order to measure performance to each program in the Department that is over \$500,000 and provide an updated report to the Legislature on the progress made in those programs. (Sec. 234)
10. **Waiver from No Child Left Behind.** House and Conference required the Department to notify the Legislature prior to entering into contracts above \$1.0 million and provide notification for waivers or amended waivers made to No Child Left Behind. (Sec. 235)
11. **Mandates on Nonpublic Schools.** Senate and Conference included a new section that directs the Department to compile a list of the mandates that are required for nonpublic schools. (Sec. 236)
12. **State Board Travel.** Governor removed and Senate retained a section that caps the travel expenses for the State Board at \$35,000. House added future increases to the cap to increases in CPI. Conference retained the section with no increase. (Sec. 302)
13. **Financial Independence Team.** Conference included a new section that directs how the funds appropriated to the Financial Independence Team are to be used. (Sec. 601)
14. **Educator Evaluations and Assessments Phase-in.** Conference included a new section that allows the Department to use the funds appropriated in the Educator Evaluations and Assessments Phase-In Reserve Fund upon enactment of HB 5223 and HB 5224. (Sec. 701)
15. **MPSERS for Libraries.** Governor and House proposed language specifying that MPSERS payments be solely used for participating districts. Senate and Conference concurred, but maintained the MPSERS rate cap at 20.96%. (Sec. 805)
16. **Individualized Education Program (IEP) students.** Senate and Conference included language that ensures that students who are in an Individualized Education Program remain in that program in the case where their school is removed from the residential district. (Sec. 1101)

Date Completed: 6-10-14

Fiscal Analyst: Cory Savino



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$517,168,800**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Recycling Initiative.** The Conference included GF/GP funding and 3.0 FTEs for a new program that would be focused on increasing residential recycling. The program would focus on marketing, outreach, and the development of markets for recycled goods. 1,000,000
- 2. **Water Quality and Use Initiative.** The Conference included GF/GP funding for this new program. The Initiative would provide support for the Wetlands program, beach monitoring, water use conflict resolution, statewide strategy development and permitting. 3,977,200
- 3. **Drinking Water Revolving Fund Match.** The Conference included additional GF/GP funds to use as Federal match, which would allow the Department to access \$12.5 million in additional Federal funds. 2,500,000
- 4. **Strategic Water Quality Initiatives Loans.** The Conference removed this line-item. \$97.0 million for SWQIF grants and loans authorization was retained. (9,600,000)
- 5. **Environmental Cleanup and Redevelopment Program.** The Conference reduced the program from \$30.0 million to \$15.0 million, based on needs of the program. (15,000,000)
- 6. **Economic Adjustments.** Includes a negative \$824,400 Gross and a negative \$112,600 GF/GP for OPEB and \$1,244,300 Gross and a negative \$300 GF/GP for other economic adjustments. 419,900
- 7. **Other Changes.** Other changes include technical restricted fund revenue adjustments, the reduction of overstated restricted fund authorization, a \$236,300 EPPF to GF/GP fund shift in the Office of Env. Assistance, appropriation of Refined Petroleum Fund revenues formerly used in Treasury, and removal of FY 2013-14 one-time appropriations. (1,774,100)

Conference Agreement on Items of Difference

- 8. **Hazardous Waste Management Program.** The Governor and Senate included GF/GP funding to replace one-time funding and a fee increase proposal from last year that was not successful. The House and Conference increased funding for the program by \$400,000 using the Environmental Pollution Prevention Fund (EPPF). 400,000
- 9. **Compliance Assistance.** The Governor and Senate included \$1.0M GF/GP funding to increase compliance assistance for the regulated community. The House included \$250,000. The Conference increased the program by \$1.0M, and also reduced EPPF appropriations for the program by \$1.9M and replaced it with GF/GP. 1,000,000
- 10. **Electronic Document Management One-Time Funding.** The Governor, Senate, and Conference included one-time funding for an initiative to convert the large numbers of paper files maintained by the Department into an electronic format and to make commonly-requested files available online. The House included \$1.25M. 2,500,000
- 11. **Mancelona TCE Plume Cleanup.** The Senate included a placeholder for this project. The Conference did not include this item. 0
- 12. **Leaking Underground Storage Tank (LUST) Cleanup/Staff Fund Shifts.** The Governor and Senate used Refined Petroleum Fund revenue to replace \$1.7M in funds for DEQ cleanup staff that were no longer available, resulting in a reduction of \$100,000 in funds available for cleanups. The House and Conference made similar changes, but did not replace all restricted funds for staff, increasing funds for cleanups by \$400,000. 0

**Total Changes ..... (\$14,577,000)**

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$502,591,800**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Small Business Rules.** The Conference retained a section prohibiting rules that have a disproportionate impact on small businesses. (Sec. 213 of CR-1)
2. **Customer Satisfaction Report.** The Conference retained a report on the customer satisfaction program. (Sec. 228 of CR-1)
3. **Legacy Costs in Budget.** The Conference included a new section detailing legacy costs that are included as part of the FY 2014-15 DEQ budget. (Sec. 234 of CR-1)
4. **RPF Repayment.** The Conference retained a section establishing intent that \$70.0M borrowed from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305 of CR-1)
5. **Sodium in Groundwater Discharge.** The Conference removed a prohibition on the establishment or enforcement of limits on the amount of sodium in groundwater discharge. (CY Sec. 407)
6. **Lake St. Clair Metropark Beach Monitoring.** The Conference removed a \$100,000 earmark for water quality monitoring at this beach. (CY Sec. 408)

Conference Agreement on Items of Difference

7. **Performance Benchmarks.** The House included a new section requiring that performance benchmarks accompany any new proposals or increases for programs. The Conference included this section, but modified it to include only increases or new programs of \$500,000 or more. (Sec. 204 of CR-1)
8. **FTE Reports.** The Governor removed two reports on the number of funded FTEs in the Department. The Senate and Conference retained the Sec. 223 report. The House retained both. (Sec. 223 of CR-1 & 224 of House Bill)
9. **No RFPs before RFIs.** The Conference removed a section requiring a request for information or request for qualification before issuing request for proposals on projects exceeding \$5.0 million. (Sec. 233 of House Bill)
10. **Aquatic Nuisance Control (ANC) Program.** The Governor removed and House, Senate, and Conference retained a section requiring \$700,000 and 5.0 FTEs to be allocated to this program. (Sec. 401 of CR-1)
11. **Water Quality and Use Initiative Report.** The House included a new section requiring a report on the use of funds for this program. The Conference retained this report. (Sec. 402 of CR-1)
12. **Drug and Chemical Disposal.** The Governor, Senate, and Conference removed a section encouraging the Department to work with other agencies to maintain and expand programs for the safe disposal of drugs and chemicals. (Sec. 602 of House Bill)
13. **EPPF Revenue Shortfall.** The Governor and Senate removed a section requiring EPPF appropriations to be used for the Hazardous Waste Management Program as a priority if EPPF revenues are not sufficient to cover all appropriations of the fund. The House and Conference retained this section. (Sec. 604 of CR-1)
14. **Air Quality Grants.** The House included a new section requiring the Department to fund a \$1.0M in grants to businesses financially harmed by the 1995 EPA "once in, always in" policy. The Conference did not include this section. (Sec. 501 of House Bill)
15. **Air Quality Penalties.** The House included a new section prohibiting the Department from issuing additional penalties for violations committed by a facility's previous owner, unless compelled by a legal agreement. The Conference included this section. (Sec. 502 of CR-1)
16. **State Septic Code.** The House included a section requiring a study on the establishment of a statewide septic code. The Conference did not include this item. (Sec. 601 of House Bill)
17. **Stormwater, Asset Management, and Wastewater (SAW) Grants Report.** The House and Senate included a new section requiring a report on all previously awarded SAW grants. The Conference included a modified version of this section. (Sec. 603 of CR-1)

Date Completed: 6-5-14

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**General Government Budgets**  
**Total Gross and GF/GP Appropriations**

	<u>FY 2013-14</u> <u>Year-to-Date</u>	<u>FY 2014-15</u> <u>Gov's. Rec.</u>	<u>Change from</u> <u>Year-to-Date</u>	<u>Percent</u> <u>Change</u>
Gross Appropriations .....	\$4,458,973,500	\$4,742,121,900	\$283,148,400	6.4%
GF/GP Appropriations .....	\$1,071,605,500	\$1,208,809,500	\$137,204,000	12.8%
Full-time Equated Employees (FTEs) .....	7,615.7	7,712.2	96.5	1.3%

	<u>FY 2014-15</u> <u>Conference</u>	<u>Change</u> <u>From Gov.</u>	<u>Percent</u> <u>Change</u>
Gross Appropriations .....	\$4,705,290,900	(36,831,000)	(0.78)%
GF/GP Appropriations .....	\$1,210,682,700	1,873,200	0.15%
Full-time Equated Employees (FTEs) .....	7,747.2	35	0.5%

**See Individual Highlight Sheet for Department Detail**



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$89,139,900**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Unclassified Salary Increase.** The Governor recommended an increase to the Unclassified Salary line item. The line increased from \$707,000 to \$724,700. The Senate concurred. 17,700
- 2. **Michigan Gaming Control Board.** The Governor recommended an increase in funding for the Department to hire an investigator to monitor illegal gaming activity across the State. The Senate concurred. 113,600
- 3. **Assigned Claims Assessments.** The Governor eliminated funding for this line item since those services have been privatized and are no longer supported with State funds. The Senate concurred. (158,600)
- 4. **Economic Adjustments.** Includes (\$308,100) Gross and (\$119,400) GF/GP for OPEB and \$1,817,800 Gross and \$687,500 GF/GP for other economic adjustments. The Senate concurred. 1,509,700

Conference Agreement on Items of Difference

- 5. **Human Trafficking Initiative.** The Governor recommended an increase in funding for the Department to hire 2.5 additional FTEs to combat human trafficking. The Senate concurred. House reduced funding by \$200,000. Conference concurred with House. 200,000
- 6. **Rape Kit Backlogs.** Senate added a \$100 placeholder for the adjudication of the casework related to the backlog of rape kits. Conference added \$3.0 million in one-time funding for sexual assault prosecutions resulting from rape kit testing results from kits found at the now closed Detroit crime lab. 3,000,000

Total Changes ..... \$4,682,400

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$93,822,300**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Line Item Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The budget for the Attorney General is in Article 2. The Senate retained the current law structure.
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2013-14 general sections that applied to all General Government budgets to the Article for the Department of Attorney General. The Senate retained as general sections. These sections include:
  - Report on total State spending for the Department. (Sec. 2-201)
  - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 2-202)
  - Definitions. (Sec. 2-203)
  - Requirement for Departments to maintain searchable websites. Governor deleted the requirement for quarterly updates (Sec. 2-206)
  - Report on out-of-state travel. (Sec. 2-216)
  - GF/GP Lapse Report. (Sec. 2-217)
  - Restricted Revenue Report. (Sec. 2-218)
  - Department Scorecards. (Sec. 2-219)
  - Prohibition on outside legal services. (Sec. 2-226)
  - Use of Internet to fulfill reporting requirements. (Sec. 2-227)
  - Buy American with a Michigan preference. (Sec. 2-228)

Conference Agreement on Items of Difference

3. **Legacy Costs.** Governor added new language listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. **Senate** concurred with Governor. **House** did not include. Conference concurred with Senate. (Sec. 315)
4. **Sexual Assault Prosecutions.** Conference added new language requiring the Attorney General to provide a detailed spending plan for the appropriations in Part 1 for sexual assault prosecutions resulting from the findings of rape kit testing results discovered by the Michigan State Police upon the closure of the Detroit Crime Lab. (Sec. 320)

Date Completed: 6-11-14

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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$15,198,300**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Unclassified Salary Increase.** The Governor and Senate recommended an increase to the Unclassified Salary line item. The line increased from \$707,000 to \$724,700. 17,700
- 2. **Americans with Disabilities Act (ADA).** The Governor transferred from DTMB the funding and 4.0 FTEs for the program that monitors and insures the State's compliance with the ADA. The Senate concurred. 583,500
- 3. **Economic Adjustments.** Includes (\$16,600) Gross and (\$14,300) GF/GP for OPEB and \$311,300 Gross and \$257,300GF/GP for other economic adjustments. The Senate concurred. 294,700

Conference Agreement on Items of Difference

- 4. **Expansion of Targeted Initiatives.** The Governor recommended total funding of \$500,000 for three new initiatives to combat civil rights violations against Michigan citizens. Funding and the addition of 4.0 FTEs is recommended for the following: \$250,000 for Advocates and Leaders for Police and Community Trust; \$125,000 for the Michigan Alliance Against Hate Crimes; and \$125,000 for Anti-Bullying initiatives. The Senate concurred with the Governor while the House eliminated all funding and FTEs. Conference retained FTEs but reduced funding by \$125,000. 375,000
- 5. **Expansion of Intake Unit.** The Governor recommended an increase in funding and the addition of 2.0 FTEs for the Department to hire additional staff to process initial customer contact information. The Senate concurred while the House eliminated all funding and FTEs. Conference concurred with Senate. 175,000

Total Changes ..... \$1,445,900

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$16,644,200**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Line Item Structure.** The Governor separated the General Governments departments into separate articles within his proposed budget. The Civil Rights budget is in Article 3. The Senate retained current law structure.
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2013-14 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. The Senate retained as general sections. These sections include:
  - Report on total State spending for the Department. (Sec. 3-201)
  - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 3-202)
  - Definitions. (Sec. 3-203)
  - Report on out-of-state travel. (Sec. 3-216)
  - Prohibition on outside legal services. (Sec. 3-226)
  - Restricted Revenue Report. (Sec. 3-227)
  - GF/GP Lapse Report. (Sec. 3-228)
  - Department Scorecards. (Sec. 3-233)
  - Requirement for Departments to maintain searchable websites. **Governor deleted the requirement for quarterly updates** (Sec. 3-235)
  - Use of Internet to fulfill reporting requirements. (Sec. 3-236)
  - Buy American with a Michigan preference. (Sec. 3-237)
3. **Department Report.** Governor deleted the requirement for a detailed report submitted by November 30 that covers the following items for the most recent fiscal year: Detailed description of departmental operations; detailed description of all subunits in the department (responsibilities, positions, revenue, and spending for each subunit); number of complaints by type; average cost per complaint investigation and average investigative time spent per complaint; percent of complaints that are meritorious and worthy of investigation or settlement and the percentage of complaints that have no merit; list of amounts awarded to claimants; expenditures associated with complaint investigation and enforcement; and Complaint investigations closed per FTE for the past 5 years. The Senate retained current law section and added two additional items to the report. The additions are complaint evaluations completed per FTE and productivity projections. (Sec. 404)
4. **Notifications Required Re Federal Reports or Complaints.** Governor deleted the requirement for the department to notify the Office of State Budget, Senate and House appropriations committees, and the Senate and House fiscal agencies prior to submitting a report or complaint to the United State Commission on Civil Rights or other Federal departments. The Senate retained. (Sec. 405)

Conference Agreement on Items of Difference

5. **Legacy Costs.** Governor added new language listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. Senate concurred with Governor. House did not include. Conference concurred with Senate. (Sec. 410)

Date Completed: 6-11-14

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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$5,370,000**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Executive Office.** Governor included a 3% increase to reflect actual costs of operation. 161,100  
 The Senate concurred.
- 2. **Office for New Americans.** Governor created a new office within the Executive Office 385,000  
 called the Office for New Americans to attract talented immigrants to Michigan. The  
 Senate concurred.

Total Changes ..... \$546,100

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$5,916,100**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. There previously were no boilerplate sections for the Executive Office. The Governor added one general section listing the total State spending from State resources and the payments to local units of government. The Senate removed. There are no boilerplate sections in the Senate bill.

Date Completed: 6-11-14

Fiscal Analyst: Joe Carrasco, Jr.



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$144,773,700**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Auditor General Adjustment** – Governor recommended a 2% overall increase for Auditor General operations. The Senate concurred. 276,500
- 2. **Legislative Adjustment.** The Governor increased overall funding for the Legislature by a total of 4.5%. The Senate will receive an increase of \$1.2 million overall while the House will receive an overall increase of \$1.6 million. The House and Senate Fiscal Agencies will receive an increase of \$154,000 each. The Legislative Council will receive an increase of \$578,500 while the Retirement System will receive an increase of \$155,300. The Farnum Building and the Cora Anderson House building would receive increases totaling \$574,000. The Senate concurred. 4,612,600
- 3. **Economic Adjustments.** Includes (\$29,900) Gross and (\$20,200) GF/GP for OPEB and \$557,800 Gross and \$369,700 GF/GP for other economic adjustments. 527,900

Conference Agreement on Items of Difference

- 4. **State Capitol Historic Site.** The Governor included new restricted funding of \$3.0 million for the newly created State Capitol Historic Site line item and increased the Capitol's funding by \$138,600. The Senate concurred but added an additional \$360,000 for general operating costs for the Capitol building. House concurred with Senate but funded the \$3.0 million with GF/GP. Conference concurred with Senate. 3,498,600
- 5. **Auditor General - IT Auditors.** The Senate added \$800,000 in funding for the Auditor General to hire up to 10.0 additional FTEs to perform audits of the State's IT systems and projects. House did not include additional funding. Conference reduced Senate's additional funding by \$400,000. 400,000

**Total Changes ..... \$9,315,600**

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$154,089,300**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Line Item Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The budget for the Legislature and the Legislative Auditor General is in Article 12. The Senate retained current law structure.
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2013-14 general sections that applied to all General Government budgets to the Article for the Legislature and the Legislative Auditor General. The Senate retained sections as general sections. These sections include:
  - Report on total State spending for the Department. (Sec. 12-201)
  - Definitions. (Sec. 12-203)
3. **Date Changes.** The Governor extended the work project dates to September 30, 2019, for Property Management and Legislative Automated Processing. The Senate concurred. (Secs. 606 and 607)

Conference Agreement on items of Difference

4. **Legislative Parking Facilities.** Provides for operation of Legislative parking facilities by the Legislative Council. Authorizes Legislative Council to collect fees for use of parking facilities. Provides that revenue received from parking fees shall be allocated by the Legislative Council. Conference: Changes reference for the operation of parking facilities for legislative employees from the Legislative Council to the Michigan State Capital Historic Site. (Sec. 604)
5. **Legacy Costs.** Governor added a general section listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. Senate concurred with Governor. House did not include. Conference concurred with Senate. (Sec. 615)
6. **Capitol Historic Site Fund.** Governor added new language stating that the appropriation from the Capitol Historic Site Fund does not take effect unless Enrolled Senate Bill 678 of the 97<sup>th</sup> Legislature is enacted into law. Senate concurred with Governor. House did not include. Conference concurred with Senate. (Sec. 609)
7. **Legislative Retirement System.** Senate added intent language that would transfer all administrative functions and associated funding to DTMB by the end of the fiscal year. House did not include. Conference concurred with Senate. (Sec. 618)
8. **IT Auditors.** Senate added language stating that \$800,000 may be used to hire up to 10 additional auditors to audit the State's most critical IT systems and services. House did not include. Conference concurred with Senate but reduced amount to \$400,000. (Sec. 625)

Date Completed: 6-11-14

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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$219,548,900**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Unclassified Salary Increase.** Governor included salary and wage increases for the unclassified salary line item. The GF/GP funded line item increased from \$707,000 to \$724,700. The Senate concurred. 17,700
- 2. **Vendor Increase for Elections Compliance.** The Governor included GF/GP funding of \$500,000 to increase payments to vendors who maintain campaign finance systems and lobbyist registration systems. The Senate concurred. 500,000
- 3. **Fund Shift.** The Governor replaced Michigan Transportation Fund (MTF) funding with GF/GP due to the capped amount of MTF funds that can be transferred to the Department. The shift increases GF/GP expenditures by \$300,700 while having a zero effect on the gross appropriation. The Senate concurred. 0
- 4. **Help America Vote Act.** The Governor eliminated Federal funding for this program due to the end of the Federal funding cycle. The Senate concurred. (350,000)
- 5. **Economic Adjustments.** Includes (\$700,700) Gross and (\$32,100) GF/GP for OPEB and \$ 3,265,600 Gross and \$68,500 GF/GP for other economic adjustments. The Senate concurred. 2,564,900

Conference Agreement on Items of Difference

- 6. **Fraud Prevention – Data Analytics and Prosecution.** The Governor included GF/GP funding of \$627,400 to allow the Department to develop a system of tools for departmentwide fraud deterrence. The Senate concurred. House reduced to \$342,700. Conference reduced Governor's funding by \$137,100 490,300
- 7. **Fraud Prevention – Insurance Verification and Paper Certificates.** The Governor included GF/GP funding of \$1.2 million to allow the Department to develop a process to verify paper certificates for auto insurance before renewal of vehicle registration to detect and combat fraud. The Senate concurred. House reduced Governor funding by \$546,100. Conference reduced Governor funding by \$262,900. 940,500
- 8. **Revised Executive Recommendation.** Conference added additional funding per revised Executive Rec. 272,600

Total Changes ..... \$4,436,000

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$223,984,900**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 16. The Senate retained current law format.
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2013-14 general sections that applied to all General Government budgets to the Article for the Department of State. The Senate retained these sections in the general section of the bill. These sections include:
  - Report on total State spending for the Department. (Sec. 16-201)
  - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 16-202)
  - Definitions. (Sec. 16-203)
  - Report on out-of-state travel. (Sec. 16-216)
  - Requirement for Departments to maintain searchable websites. **Governor deleted the requirement for quarterly updates** (Sec. 16-227)
  - GF/GP Lapse Report. (Sec. 16-228)
  - Department Scorecards. (Sec. 16-233)
  - Prohibition on outside legal services. (Sec. 16-234)
  - Use of Internet to fulfill reporting requirements. (Sec. 16-235)
  - Buy American with a Michigan preference. (Sec. 16-236)
  - Restricted Revenue Report. (Sec. 16-237)
3. **Branch Office Closings or Relocations.** Governor deleted the requirement that least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or at least 60 days prior to relocations, that the department of state inform members of the senate and house of representatives standing committees on appropriations and legislators who represent affected areas regarding the details of the proposal. Branch offices that consolidate or relocate within the same local unit of government are exempt from this notification procedure. The Senate retained. (Sec. 714)
4. **Business Application Modernization (BAM) Project.** The Governor removed language requiring the Department to report the total amount of funds spent on the BAM project from its inception. The Senate retained. (Sec. 716b)
5. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor removed this section. The Senate retained. (Sec. 718)

Conference Agreement on Items of Difference

6. **Legacy Costs.** Governor added new language listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. Senate concurred with Governor. House did not include. Conference concurred with Senate.(Sec. 725)

Date Completed: 6-11-14

Fiscal Analyst: Joe Carrasco, Jr.



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$1,190,805,600**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Removal of One-Time Funding.** Governor excluded FY 2013-14 one-time funding of \$37.7 million: \$1.5 million for Delta County bridge removal; \$2.5 million for Regional Prosperity Grants; \$2.0 million for Legal Services; \$10.0 million for special maintenance; \$21.3 million for Technology Services; and \$430,500 for MSU's combined sewer overflow project. Senate concurred. (37,730,500)
- 2. **Unclassified Salary Increase.** Governor included salary and wage increases for the unclassified salary line item increasing from \$804,500 to \$824,600. Senate concurred. 20,100
- 3. **Cyber Security.** Gov. included funding to enhance Michigan's cyber security posture. Senate concurred. 6,785,000
- 4. **Michigan Public Safety Communications System Lifecycle and Radio Replacement.** The Governor included funding to replace system equipment. Senate concurred. 25,300,000
- 5. **Information Technology (IT) - Alignment of IDG Funding.** The IT portion of the budget aligned its IDG funding with enacted FY 2014 appropriations for all departments. Senate concurred. 5,551,000
- 6. **Motor Vehicle Fleet.** The Governor increased funding to account for higher fuel, maintenance, and vehicle leasing costs. Senate concurred. 8,300,000
- 7. **Professional Development Funds.** Gov. included funding to provide professional development and trainings for UAW-represented employees per contract requirements. Senate concurred. 720,000
- 8. **Michigan Public Safety Communication System.** Gov. transferred in the funding and FTEs from the Michigan State Police the Michigan Public Safety Communication System. Senate concurred. 16,340,900
- 9. **Programs Transferred Out from DTMB.** Gov. transferred out the staff and funding for two items: Administrative staff for the SBA rent program (\$699,100) are transferred to the Dept. of Treasury and the staff for the Americans with Disabilities Act (\$300,000) are transferred to the Dept. of Civil Rights. Sen. concurred. (999,100)
- 10. **IT Innovation Fund.** The Governor eliminates all funding for this program. Senate concurred. (2,500,000)
- 11. **Military Retirement Program.** The Governor increased funding for the Military Retirement Program to cover unfunded costs associated with prefunding of pensions. Senate concurred. 437,000
- 12. **State Building Authority (SBA) Rent Adjustments.** The Governor decreased funding for SBA line item for State Agencies to reflect decreased debt service costs. Senate concurred. (4,000,000)
- 13. **Economic Adjustments.** Includes (\$1,689,500) Gross and (\$370,500) GF/GP for OPEB and \$9,188,400 Gross and \$4,101,500 GF/GP for other economic adjustments. Senate concurred. 7,498,900
- 14. **Other Changes.** Adjustments were made to various line items, including: a net zero Gross change for SWCAP, however change results in a negative adjustment to GF/GP funding of (\$34,300); \$240,000 to annualize cyber security costs; \$510,200 for the Office of Children's Ombudsman; and a negative (\$475,200) various miscellaneous technical adjustments for MiResults performance metrics, BOC charges, and the Civil Service Commission. Senate concurred and added \$100 placeholder for fallen officers. 275,100

Conference Agreement on Items of Difference

- 15. **Regional Prosperity Grants.** The Governor converted \$2.5 million of FY 2013-14 one-time funding to ongoing for FY 2014-15. Senate and House did not include. Conference concurred with Governor. 2,500,000
- 16. **Enterprisewide Special Maintenance.** Gov. increased funding for the ongoing appropriations for this item to provide maintenance services to State-owned bldgs. across the State. Senate concurred. House increased by \$2.0 million. Conference concurred with Senate. 5,000,000
- 17. **IT Investment Fund.** Gov. increased funding for this IT program by \$28.0 million to \$75.0 million to further provide maintenance and replacement of legacy IT systems across State departments and agencies. Senate reduced Gov's increase by \$16,350,000. House reduced by \$14.0 million. Conference reduced by \$12.0 million. 16,000,000
- 18. **Business One-Stop.** House eliminated funding for Business One Stop. Conference concurred and added one-time maintenance funding listed below. (3,515,600)
- 19. **One-Time Appropriations.** Conference included the following one-time funding: \$7.0 million for special maintenance for State-owned facilities; \$5.0 million for the new Office of Urban Initiative; \$1.0 million for the Regional Prosperity Grant program; \$4.0 million for litigation costs; \$6.9 million for alignment of IT funding with agency requests; \$871,700 for Michigan Business One Stop; \$1.25 million for special projects (\$250,000 for Catholic charities, \$500,000 for military pensions, and \$500,000 for admin. priorities.) 26,022,000

Total Changes ..... \$72,004,800

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation..... \$1,262,810,400**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Requests for Proposals-Website.** Requires the Department of Management and Budget to maintain an Internet website that contains notice of all invitations to bid and requests for proposals over \$50,000. Prohibits the Department from accepting a bid or proposal less than 14 days after the request was made available on the website. Governor removed the 14-day provision. Senate retained 14-day requirement. (Sec. 810)
2. **Vendor Call or Contact Centers.** Governor removed current year language requiring disclosure of location of call/contact centers. The Senate retained. (Current Law Sec. 817)
3. **Cloud Computing.** Senate added a requirement for the Department to conduct an analysis of using public or private cloud computing technologies for new projects. (Sec. 836)
4. **State Building Authority Authorizations.** Governor added new language requiring the Legislature to determine that funding provided in Part 1 is for the leasing of facilities to be used for a public purpose. The Senate concurred. (Sec. 866)
5. **One-time Appropriations.** Governor provided boilerplate language describing the qualification process for the new proposed Regional Prosperity Grant Program. Senate concurred as Sec. 890.
6. **Litigation Fund Report.** Senate added a requirement for a quarterly report to the Legislature on litigation fund expenditures by case, purpose, and department involved. (Sec. 891)

Conference Agreement on Items of Difference

7. **Legacy Costs.** Governor added new language listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. Senate concurred with Governor. House did not include. Conference concurred with Senate. (Sec. 822h)
8. **Building Occupancy Rates.** Senate added language prohibiting the Dept. from charging State departments and agencies BOC for unoccupied office space provided the Dept. or agency has given a 12-month notice to vacate. Senate concurred with Governor. House did not include. Conference concurred with Senate. (Sec. 808a)
9. **Energy Savings Performance Contracts.** House Added new language requiring the Department to review all existing and proposed capital improvement projects over \$500,000 for inclusion in an energy savings performance contract. Senate did not include. Conference concurred with House. (Sec. 815)
10. **Prohibition against use of State Funds for International Bridge.** Prohibits the use of any funds from Part 1 to be used for any staff efforts, projects, consultant expenses, or any other activity related to the development, financing, construction, operation, or implementation of the DRIC or any successor project. Governor: Removed language. Senate: Moved to General Section 226a. House retained as in current law. Conference concurred with House. (Sec. 822e)
11. **Juvenile Justice Vision 20/20.** Senate added language allocating \$1.35 million for the Juvenile Justice Vision 20/20 program for the Dept. to implement a database to track statistical and demographic data on adjudicated juveniles. House did not include. Conference concurred with House.
12. **Online Citizens Guide and Dashboard.** Senate added language requiring the Dept. to issue an RFP and contract for a publicly accessible statewide online citizens guide to reports on municipalities, local, and intermediate school districts. House did not include. Conference concurred with Senate. (Sec. 840)
13. **Wayland Public Safety Building.** House added language requiring the Department to provide assistance to the Department of State Police regarding discussions with the city of Wayland on a joint public safety building to be located in Wayland. . Senate did not include. Conference concurred with House. (Sec. 822g)
14. **Grand Rapids Crime Lab.** House added new language requiring the Department to work with the State Police to review and evaluate the feasibility of repurposing the one division building in Grand Rapids for a new State Police Crime Lab. Also requires a report to the Legislature by January 1, 2015, on the results of that review. Senate did not include. Conference concurred with House. (Sec. 822h)
15. **Senate Relocation from Farnum Building.** Conference added new language allowing up to \$7.0 million of the funds appropriated in Part 1 to be made available to the Senate for future lease, purchase, and transition costs related to the relocation from the Farnum Building. (Sec. 896)

Date Completed: 6-11-14

Fiscal Analyst: Joe Carrasco, Jr.



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$154,202,500**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Great Lakes Water Quality Bond.** The Governor included a negative adjustment of \$7.3 million in debt service payments for the Great Lakes Water Quality Bond. In addition, the Governor also included new debt service payments totaling \$6.5 million GF/GP bringing the total debt service payment for this bond to \$13,811,000 (all GF/GP) in FY 2014-15. The overall change in payments for this bond decreases by \$2.1 Million from FY 2013-14. The proposed debt service payments for this bond would cover debt service on existing bonds and the additional costs of a proposed \$97.0 million bond issue. There is \$97.0 million in spending authority in the FY 2014-15 DEQ Executive Recommendation for these bonds under the Strategic Water Quality Initiative Fund (SWQIF) within DEQ. The bonds are issued under Proposal 2 of 2002 and can be spent on grants and loans to municipalities for groundwater and storm water management. The increases are due to changes in the statute that establishes the SWQIF that makes the grants and loans more attractive to municipalities. The Senate concurred. (2,105,600)
  
- 2. **Clean Michigan Initiative.** The Governor recommended an increase in debt service of \$36,600 to \$57,224,000 GF/GP in FY 2014-15 to cover the cost of scheduled payments. The Senate concurred. 36,600
  
- 3. **Quality of Life Bond.** The Governor recommended increasing the debt service line for this program to \$81,360,000 in FY 2014-15. This consists of an increase in scheduled payments of \$1.1 million GF/GP and an addition of \$3.0 million GF/GP in a fund shift that replaces \$3.0 million from the Refined Petroleum Fund. The Senate concurred. 1,394,200
  
- 4. **Water Pollution Control Bond and Interest Redemption.** The Governor eliminated all funding for this debt service in FY 2014-15 as all the obligations have been met. The Senate concurred. (1,132,700)

Total Changes ..... (\$1,807,500)

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$152,395,000**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

1. **Boilerplate Changes.** There are no boilerplate changes related to Treasury - Debt Service.

Date Completed: 6-11-14

Fiscal Analyst: Joe Carrasco, Jr.



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$498,233,500**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

1. **Unclassified Salary Increase.** Governor included salary and wage increases for the unclassified salary line item totaling \$26,800. This represents the increase for salary and wages only. The remainder of the increase for this line item of \$47,500 is included in the Economic section below. The Senate concurred. 26,800
2. **Eliminate One-time Funding.** Gov. removed one-time funding totaling \$9.8 million: \$ 1.8 million for replacement of Sales and Withholding tax system; \$3.0 million for Casino Gaming Board system replacement; and \$5.0 million for Distressed Communities. Senate concurred. (9,763,300)
3. **Data Governance Program.** The Governor recommended new funding for the creation of a secure and accurate data storage system to improve data quality and availability primarily at the State's data storage warehouse. The Senate concurred. 401,000
4. **Gaming.** The Governor increased funding for three items: \$113,600 to hire an investigator to review illegal gaming activity; \$153,200 to fill two secretarial positions; and \$129,500 to hire a programmer to support new replacement systems. The Senate concurred. 396,300
5. **Convention Facility Tax Distribution.** The Governor recommended an increase in funding based on actual collections so additional funds may be distributed according to statute requirements. The Senate concurred. 16,100,000
6. **Office of Tax Plan Implementation.** The Governor recommended an increase of \$1.6 million and 9.0 FTEs for testing new tax systems. The Senate concurred. 1,550,000
7. **Program Transfers.** The Governor transferred \$699,100 and 4.0 FTEs from DTMB for SBA Rent administrative staff. The Senate concurred. 699,100
8. **Technical Issues Resolution Unit Expansion.** The Governor provided increased funding to hire additional staff to address changes in tax statutes that impact compliance reviews. The Senate concurred. 600,000
9. **Economic Adjustments.** Includes (\$595,800) Gross and (\$109,800) GF/GP for OPEB and \$5,538,000 Gross and \$873,300 GF/GP for other economic adjustments. Senate concurred. 4,942,200
10. **Other Changes.** Miscellaneous adjustments were made to various line items, including: a net zero Gross change to replace funding from the Michigan Transportation Fund, however change results in a positive adjustment to GF/GP funding of \$41,900 and \$623,000 in various miscellaneous technical adjustments for a New Fuel Tax processing center, Indian Gaming, and P-20 software purchase. The Senate concurred. 623,000

Conference Agreement on Items of Difference

11. **Financial Independence Team.** The Governor recommended \$6.5 million and 9.0 FTEs to create a financial independence team to provide support to financially troubled school districts. Senate reduced funding by \$2.0 million to \$4.5 million. House included as \$100 placeholder. Conference concurred with Senate. 4,500,000
12. **Payments in Lieu of Taxes (PILT).** The Governor increased PILT funding by 5.0% to provide full funding for PILT in compliance with 2012 PA 603 and 2012 PA 604. The Senate added additional funding of \$2,960,400 to fully fund the line items for FY 2014-15. House did not include. Conference concurred with Senate. 3,827,800
13. **One-Time Appropriations.** Conference included the following one-time funding: \$19.3 million for distribution of Metropolitan Areas Component Tax revenue; \$1.5 million for Personal Property Tax Reform implementation; and \$500,000 million for implementation costs associated with the Department accepting credit card payments for individual income taxes owed; \$1.1 million for City of Flint Police and Fire Safety grants. 22,400,000

**Total Changes ..... \$46,302,900**

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$544,536,400**

**Amount Over/(Under) GF/GP Target: \$0**

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Line Item Structure.** The Governor separated the General Governments departments into separate articles within his proposed budget. The budget for the Department of Treasury is in Article 20. Senate retained current law format for FY 2014-15.
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2012-13 general sections that applied to all General Government budgets to the Article for the Department of Treasury. The Senate retained these sections in the general section of the bill. These sections include:
  - Report on total State spending for the Department. (Sec. 20-201)
  - Compliance with the Management and Budget Act. (Sec. 20-202)
  - Definitions. (Sec. 20-203)
  - Use of the Internet for reporting requirements. (Sec. 20-208)
  - Buy American with a Michigan preference. (Sec. 20-209)
  - Report on out-of-state travel. (Sec. 20-216)
  - Prohibition on outside legal services. (Sec. 20-226)
  - Restricted Revenue Report. (Sec. 20-227)
  - GF/GP Lapse Report. (Sec. 20-228)
  - Requirement for Departments to maintain searchable websites. Governor deleted the requirement for quarterly updates (Sec. 20-229)
  - Department Scorecards. (Sec. 20-230)
3. **Prohibition Against Ownership Interest in a Casino Enterprise.** The Governor added new language prohibiting the Department, an agency, or an authority from using funds in Part 1 to purchase and ownership interest in a casino enterprise or a gambling operation. The Senate retained in the general section. (Sec. 213)
4. **Deleted Reports.** The Governor recommended deleting the following sections reports: bond restructuring (Sec. 902a), Municipal Finance Authority unappropriated revenue and spending (Sec. 934(2)), and pension consultant report (Sec. 944). Senate retained all of these reports.
5. **Convention Facility Development Fund.** Governor added new language requiring collections into the fund to be distributed according to Sections 8 and 9 of the State Convention Facility Development Act, 1985 PA 106. Senate concurred. (Sec. 20-946)
6. **Financial Independence Team.** Senate added language creating a financial independence team to cooperate with the Office of Fiscal Responsibility to coordinate and streamline efforts in identifying and addressing fiscal emergencies in local and intermediate school districts. (Sec. 947)
7. **Lottery Information for Retailers.** The Governor deleted a requirement for the Bureau of the State Lottery to inform retailers that cash on a Bridge Card cannot be used to purchase lottery tickets. Senate retained. (Sec. 963)
8. **State Building Authority.** Governor moved SBA boilerplate language from DTMB to Treasury in accordance with E.O. 2013-8 which transferred the SBA in its entirety to the Department of Treasury. Senate concurred. (Secs. 1101, 1102, 1103)

Conference Agreement on Items of Difference

9. **Legacy Costs.** Governor added new language listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. Senate retained as section 949. Senate concurred with Governor. House did not include. Conference concurred with Senate. (Sec. 949)
10. **City of Flint Police and Fire Safety Grants.** Conference added new language allocating \$1.1 million to the City of Flint to support city police and firefighters. (Sec 949a)

Date Completed: 6-11-14

Fiscal Analyst: Joe Carrasco, Jr.



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$1,136,903,600**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Constitutional Revenue Sharing.** The Governor recommended an increase of 2.6% to \$764,927,600 consistent with the growth in sales tax revenue forecast by the January 2014 Consensus Revenue Estimating Conference. The Senate and House concurred. Conference included \$758,272,400 or about \$76.96 per capita for each city, village, and township (CVT) based on the May 2014 consensus estimate of 2.4% growth. 17,968,800
- 2. **Supplemental EVIP Distribution.** The Governor added \$28.5 million for an additional payment to most EVIP-eligible CVTs. The Senate and House did not include. 0

Conference Agreement on Items of Difference

- 3. **County Revenue Sharing and County Incentive Program (CIP).** The Governor recommended full funding for 74 eligible counties under the statutory county revenue sharing distribution formula, an increase of 44.9% to \$211,200,000. Each eligible county would receive 80% of its full funding amount through the county revenue sharing line item and up to 20% by meeting the requirements of the County Incentive Program. The Senate concurred in the total funding and reduced the funding subject to the transparency requirements from 20.0% to 10.0%. House concurred with Governor. Conference concurred with House. 65,440,000
- 4. **Economic Vitality Incentive Program (EVIP)/City, Village, and Township Revenue Sharing.** The Governor added 3.1% to EVIP for eligible CVTs. The Senate provided a 1.0% increase to the 486 current EVIP-eligible CVTs and \$28.6 million distributed to 756 CVTs according to the statutory three-factor formula based on unit type, taxable value, and yield equalization. House provided that an eligible CVT would receive the higher of a 1% increase or \$7.14609 per capita with no payments under \$5,000 which would result in 1,492 recipients. Conference increased payments to current recipients by about 3.1% and added \$5.8 million for a distribution of about \$2.65 per capita to local units with a population over 7,500. That would add 101 CVTs as recipients for one-time payments based on a presumed level of services. Existing recipients with population over 7,500 would receive the greater of the two payments. 13,000,000
- 5. **Financially Distressed Cities, Villages, and Townships.** The Senate added \$10.0 million for grants to assist CVTs that have signs of probable financial distress as determined by Treasury. House did not include. Conference funded at \$8.0 million, of which \$5.0 million is ongoing and \$3.0 million is one-time. 8,000,000
- 6. **Competitive Grant Assistance Program (CGAP).** The Governor and House reduced CGAP from \$15.0 million in FY 2013-14 to \$5.0 million in FY 2014-15. A balance from FY 2013-14 is expected to carry forward for distribution in FY 2014-15. The Senate did not include. Conference concurred with Senate. (15,000,000)
- 7. **FY 2014-15 One-Time Appropriations.** One-time funding of \$8.8 million is included: \$5.8 million for CVT revenue sharing and \$3.0 million for financially distressed CVTs.

Total Changes ..... **\$89,408,800**

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$1,226,312,400**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Incentive Program Optional Financial Standards.** The Governor proposed that CVTs and counties could qualify for EVIP or the county incentive program by certifying compliance with optional financial stability standards. The Senate and House did not include. (Sec. 20-952)
2. **EVIP Supplemental Payment Eligibility.** The Governor proposed a new distribution to EVIP-eligible CVTs. It would be made on an adjusted per capita basis, with population figures increased by 10.0% for each criteria met by a local unit in the areas of financial stability, high unemployment, high crime rate, or the presence of a deficit elimination plan. The Senate and House did not include. (Sec. 20-953)

Conference Agreement on Items of Difference

3. **Competitive Grant Assistance Program.** The Governor and House specified that the Department of Treasury may consider projects that result in more efficient government services through increased cooperation and/or collaboration. The Senate eliminated the program. Conference concurred with Senate. (Sec. 20-951)
4. **City, Village, and Township (CVT) Revenue Sharing.** The Senate provided that each CVT eligible for EVIP in FY 2013-14 would receive a 1.0% increase upon meeting accountability and transparency requirements. The remaining \$28.6 million in funds would be distributed according to the statutory revenue sharing formula components of adjusted unit type population, taxable value, and tax yield equalization. The House provided for CVTs to receive the higher of a 1% increase or \$7.14609 per capita, with no payment under \$5,000. Conference funded at 78.51044% of FY 2009-10 payments over \$4,500 (about a 3.1% increase), or, for CVTs with population over 7,500, the larger of \$2.64659 per capita or the 3.1% increase. New recipients in FY 2014-15 are considered "one-time" and are included based on the presumed level of services provided. (Sec. 952)
5. **Incentive Program/Revenue Sharing Requirements.** The Governor required a report of the cost per resident of unfunded accrued liabilities and limited the consolidation plan update requirement to plans in the most recent report. The Senate limited requirements to accountability and transparency, eliminated the other categories, and extended the date for compliance from October 1 to December 1. House retained transparency standards and required CVTs to use 5% of the payment to reduce unfunded liabilities. Conference concurred with Senate. (Sec. 952)
6. **Financially Distressed Cities, Villages, and Townships.** The Senate provided \$10.0 million for grants to CVTs with one or more indications of probable financial distress as determined by the Department of Treasury. Grants of up to \$2.0 million would be made for projects or services to move the CVT toward financial stability, such as reduction in unfunded accrued liabilities, repair of critical infrastructure owned and maintained by the CVT, reduction of general fund debt, or costs associated with a transition to shared services. Unused funds would carry forward. The Department would report to the Legislature by March 15 on the awardees, grant amounts, and purposes of the grants. House did not include. Conference concurred with Senate. (Sec. 956)
7. **Statewide Online Financial Accountability Reporting System.** The Senate required that the appropriations in part 1 be used for a contract for a statewide online financial accountability reporting system accessible to the general public that displays local government audit data submitted pursuant to MCL 141.424. The online reports would include for each local government financial distress indicators, revenues and expenditures, unfunded liabilities, statements of financial position, crime statistics, public safety information, shared services, revenue and spending per full-time equivalent employee, and other indicators as determined by the department. A report from the department to the Legislature on the project is required by March 15. House did not include. Conference included but removed the contract requirement and required that an RFP be issued. (Sec. 958)
8. **Local Reporting on Costs of Insurance for Medicare-Eligible Retirees.** The Senate added a statement of legislative intent that would require local governments that offer health insurance to retired employees or retired elected officials to solicit bids for obtaining health insurance for retirees separately from health insurance for current employees. It required a report of projected savings to Treasury, which would report the savings to the Legislature. House did not include. Conference concurred with House. (Sec. 959)

Date Completed: 6-11-14

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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$1,008,273,900**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

1. **Engineering Talent Investment Program Debt Service.** Gov. recommended \$7.9 million GF/GP for the first year of debt service on a proposed \$100.0 million Michigan Strategic Fund (MSF) bond issue to fund improved facilities and laboratories for university engineering departments that partner with private companies to increase and retain engineering graduates. Senate did not include. 0
2. **Community College Skilled Trades Equipment Program Debt Service.** Gov. recommended \$4.6 million GF/GP for the first year of debt service on a proposed \$50.0 million MSF bond issue to update technology at community colleges for training for high demand occupations. The MSF board would award the funds through an RFP-process. The Senate concurred. 4,600,000
3. **Job Creation Services.** The Governor removed \$4,625,000 to remove several special projects included in the FY 2013-14 budget. The Senate concurred. (4,625,000)
4. **Land Bank Fast Track Authority.** The Governor recommended \$3,950,000 GF/GP for the Land Bank for operations and to maintain properties owned by the Land Bank. The Senate concurred. 3,950,000
5. **Pure Michigan.** Gov. increased spending for tourism promotion from \$29.0 million in FY 2013-14 to \$31.0 million in FY 2014-15. The Senate concurred. Conference at current year. 0
6. **Entrepreneurial Eco-System.** Gov. renamed the Innovation and Entrepreneurship line item to Entrepreneurial Eco-System and reduced funding from \$28.5 million to \$25.0 million. Senate concurred. House concurred with Senate. (3,500,000)
7. **Welfare-to-Work.** Senate reduced funding by \$14.0 million Gross, \$4.0 million GF/GP to adjust for decreased caseloads. (14,000,000)
8. **Economic Adjustments.** Includes a negative \$387,200 Gross and a negative \$77,100 GF/GP for OPEB and \$2,010,100 Gross and \$380,700 GF/GP for other economic adjustments. 1,622,900
9. **Other Changes.** The Governor adjusted Federal and private fund sources. Sen. concurred. (1,291,900)

Conference Agreement on Items of Difference

10. **Automotive, Engineering, and Manufacturing Technology Fund.** Gov. added \$5.0 million in one-time GF/GP to increase global markets for the Michigan auto sector and encourage public-private partnerships and collaborations with the auto industry. Senate and House did not include. Conference added as one-time 2,000,000
11. **Film Incentives.** The Governor reduced funding for Film Incentives from \$50.0 million in FY 2013-14 to \$25.0 million in FY 2014-15. The fund source would change from one-time GF/GP in FY 2013-14 to ongoing GF/GP in FY 2014-15. Senate concurred with Gov. and added additional \$35.0 million for total funding of \$60.0 million for FY 2014-15. House retained \$25.0 million as one-time. Conference retained \$25 million ongoing and \$25 million one-time. 0
12. **Business Attraction and Community Revitalization.** Gov. increased total funding for the program from \$120.0 million in FY 2013-14 to \$138.5 million in FY 2014-15. The increase consisted of \$10.0 million in new one-time GF/GP, \$5.0 million in additional ongoing GF/GP, and \$3.5 million from the 21<sup>st</sup> Century Jobs Trust Fund. Gov. also replaced \$24.8 million in one-time GF/GP in FY 2013-14 with \$24.8 million in ongoing GF/GP in FY 2014-15. Senate reduced funding from FY 2013-14 by \$13.0 million to \$107.0 million and included the one-time \$10.0 million. House increased from Senate by \$499,900. Conference increased total funding by additional \$10 million; \$7.9 million as one-time. 10,000,000
13. **Arts and Cultural Grants.** The Governor increased funding by \$2.0 million GF/GP to \$10,150,000. Senate concurred and further increased funding by additional \$1.5 million to \$11,650,000. 2,000,000
14. **Van Andel Institute Advanced Medical Research.** The Senate added \$4.5 million for matching Federal and private funds to perform advanced medical research. House did not include. Conference included as one-time. 4,500,000
15. **Additional One-Time Funding.** Conference added the following additional one-time funding: \$1.0 million for Saginaw Air Museum; \$1.3 million for West Michigan Airport grant; \$1.5 million for Grand Rapids Market; \$700,000 for First Merit Bank Park; \$200,000 for Capac Senior Center; \$150,000 for Waterford Fire Dept.; \$300,000 Detroit Pre-College Engineering; \$1.5 million for Year-round Schools; \$500,000 for GED testing; \$2.0 million for Fallen Officers Memorial; \$600,000 for Heritage Restoration; and \$1.5 million for Yankee Air Museum. 11,250,000

**Total Changes ..... \$16,506,000**

**FY 2014-15 Senate-Passed Gross Appropriation ..... \$1,024,779,900**

**Amount Over/(Under) GF/GP Target: \$0**

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Business Incubators.** Governor removed performance dashboard and report requirements for State-funded business incubators and intent language on using the performance data for future appropriations. Senate retained. (Sec. 1034)
2. **Michigan State Housing Development Authority Reports (MSHDA).** The Governor deleted MSDHA reporting on housing production goals and results and on the status of obligations related to the Broadband Development Authority. The Senate retained. (Sec. 980 and 981)
3. **Use of State Accounting System.** The Governor deleted a requirement that the MSF use the Michigan Administrative Information Network (MAIN) or a successor accounting system used across State government that tracks all financial transactions and recipients of business incentives and other economic assistance. The Senate retained. (Sec. 1040)
4. **Limit on Business Attraction and Community Revitalization.** The Governor deleted a requirement for business attraction and community revitalization that the MSF cannot request the availability of more than 60.0% of those funds from the State Treasurer prior to April 1, 2014. The Senate retained. (Sec. 1041)
5. **Engineering Talent Investment Program.** Gov. added language for this proposed program to require: MSF board approval of RFPs and program guidelines, the MSF board to award up to \$100.0 million of bond proceeds for capital improvements at public institutions of higher education with accredited engineering programs to increase engineering talent, a 25.0% university match, business partnerships, reports, and State Budget Director oversight. The Senate deleted. (Sec. 20-1051)
6. **Jobs for Michigan Investment Report.** Senate added a requirement for a report on the Jobs for Michigan Investment Fund. Report shall include a detailed listing of all revenue, expenditures, and fund balance at the end of the fiscal year. (Sec. 1010)
7. **Business Attraction Report.** Senate added a requirement for a quarterly report from the Fund listing the amount of funds considered appropriated, pre-encumbered, encumbered, and expended. (Sec. 1042)

Conference Agreement on Items of Difference

8. **Housing Rehabilitation Workforce.** Senate added requirement for MSHDA to work with the Departments of Community Health and Human Services to appoint members to a joint task force to review housing rehabilitation. House did not include. **Conference** concurred with Senate. (Sec. 990)
9. **Legacy Costs.** The Governor reported estimated appropriations of \$10,508,300 for pension-related legacy costs and \$8,293,000 for retiree health care legacy costs. Senate concurred. Senate concurred with Governor. House did not include. Conference concurred with Senate. (Sec. 1045)
10. **Van Andel Institute.** The Governor deleted a \$500,000 earmark for the Van Andel Institute from the Innovation and Entrepreneurship line item. The funds were for matching Federal grants. Senate and House retained. . Conference did not include. (Sec. 1034b)
11. **Van Andel Institute Advanced Medical Research.** Senate appropriated \$4.5 million for matching Federal and Private funds to perform advanced medical research. House did not include. Conference concurred with House. (Sec. 1034c)
12. **Macomb-Oakland University INCubator.** House appropriated \$500,000 from the entrepreneurship eco-system line item in Part 1 to the Macomb-Oakland University INCubator. Senate did not include. Conference concurred with Senate.
13. **West Michigan Film Office.** House added new language requiring not less than 10% of the funding for film incentives be granted to the west Michigan film office. Senate did not include. Conference included revised language stating that not less than \$250,000 of the funds be appropriated rather than the 10% in the House language.
14. **Pure Michigan Sponsorship and Advertising.** House added requirement that up to \$2.0 million of funding for Pure Michigan must allocated for sponsorship or advertising at an annual, nationally televised sporting event located in Michigan. Senate did not include. Conference concurred with Senate.
15. **Community Colleges Skilled Trades Equipment Program.** The Governor added requirements for this proposed program: MSF board approval of RFPs and program guidelines; the MSF board to award of up to \$50.0 million of bond proceeds for equipment and related investments at community colleges for training students in skilled, high-wage, in demand occupations; coordination with business and regional talent needs; at least 25.0% community college match in excess of donated equipment; business partnerships; reports; and State Budget Director oversight. Senate concurred. House modified language. Conference concurred with House.(Sec. 1052)
16. **Aerospace Supplier Program.** Senate added language allowing the allocation of funds for the Aerospace Supplier Program to assist aerospace suppliers. House did not include. Conference concurred with Senate. (Sec. 1057)
17. **Low-Income Transportation Workgroup.** Conference added language requiring the Fund to work in conjunction with the DCH, MDOT, MDOC, DHS, and members from the House and Senate to determine how the State can maximize its services and funding for transportation for low-income, elderly, and disabled individuals. (Sec. 1058)
18. **Workforce Development Workgroup.** Senate added requirement for the Department to conduct a workgroup with the Dept. of Human Services and members from the Senate and House of Representatives to determine the alignment of State fund expenditures with declining caseloads. House did not include. Conference concurred with Senate. (Sec 1070)

Date Completed: 6-11-14

Fiscal Analyst: Joe Carrasco, Jr.

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$6,018,383,400**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Caseload Adjustments.** Total GF/GP savings were \$39,938,200. (353,820,500)
- 2. **Funding Offsets and Other Adjustments.** The budget recognized changes in Federal authorization and other fund shifts, FTE alignments, and the new FMAP rate. 501,800
- 3. **Governor's Programs.** The budget funded 80.0 FTEs for Disability Determination, medical and psychiatric exams for children, asset test automation, and other administrative expenses, and recognized savings from staff reductions. 31,580,100
- 4. **Removal of One-Time Funding.** The budget removed FY 2013-14 one-time funding. (4,557,300)
- 5. **Economic Adjustments.** Adjustments included a reduction of \$6,062,700 for OPEB. 23,880,300

Conference Agreement on Items of Difference

- 6. **Changes to Governor's Recommendation.** Conference partially concurred with funding for adoption support services, performance based contracting (PBC) model, Healthy Michigan Call Center, and increases for other programs. Conference did not concur with the mobile iPad program and 20.0 FTE Office of Inspector General Field Agents. 24,480,600
- 7. **Donated Funds Positions.** Conference added an additional 50.0 FTE Donated Funds Positions to the Governor's recommended 150.0 FTEs to offset other staffing reductions. 25,720,000
- 8. **Adoption Subsidy and Special Needs.** Conference included Senate funding for special needs adoptions and set the subsidy rate to not less than 95% of the foster care rate. 7,900,000
- 9. **Adoption Support and Residential Facility Rates.** Conference included House funding for parent-to-parent mentoring and a COLA increase for private residential facilities. 4,155,300
- 10. **Budgetary Savings and Other Reductions.** Conference included savings for staffing reductions, line item rebasing, and computer cuts for GF/GP savings of \$14.3 million. (44,158,500)
- 11. **Services for Adults and Disabled Individuals.** Conference increased funding for Centers for Independent Living, Michigan Rehabilitation Services (MRS), and MiCAFE. 14,659,500
- 12. **Child Welfare Support Services.** Conference funded the JJ Vision 20/20 work project, School Success Partnership, and counseling program for CPS worker secondary trauma. 1,300,000
- 13. **Rejected Senate and House Items.** Conference did not concur with funding for gentle teaching methods, Elder Abuse Prosecuting Attorney 1.0 FTE, or closure of W.J. Maxey Training School. 0
- 14. **Other Adjustments.** Conference unrolled TANF and Capped Federal Revenues into unique fund sources, unrolled IT line items, and made technical adjustments. 0
- 15. **FY 2014-15 One-Time Appropriations.** Conference funded MRS, Center for Hope, in-home grants, Fostering Futures Endowment, Food Bank, MI Reading Corps, parent-to-parent mentoring, SACWIS for private agencies, and PBC model in Kent County. 5,150,000

Total Changes ..... (\$263,208,700)

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$5,755,174,700**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Governor's New Language for Legacy Costs.** Senate and House included legacy and pension costs. (Sec. 297)
2. **Governor's Recommendation Revisions.** Senate and House concurred with revisions. (Secs. 265, 296, and 402)

Conference Agreement on Items of Difference

3. **Adoption Subsidy Negotiation and Redetermined Assistance.** Conference section allowed adoptive parents to claim supplemental payments for children with special needs after an adoption assistance agreement has been finalized and prohibits adoption payments from being less than 95% of the foster care rate. (Secs. 556 and 568)
4. **Juvenile Justice and Medicaid.** Conference required DHS to work with DCH to continue a workgroup to maximize Medicaid claims and submit a Medicaid waiver request for youth in juvenile justice placements. (Secs. 603 and 702)
5. **Performance Based Funding Model.** Conference included Task Force Report recommendations for actuarial study of case rates, independent evaluation, cost analysis of model, readiness model, phase II implementation guidelines, and report. (Sec. 503)
6. **Kent County Privatization.** Required transfer of child welfare cases to private agencies by October 1. (Sec. 515)
7. **Child Welfare Rates.** Revised specialized independent living, retained \$3.00 increase, added cost of living adjustment for residential facilities, and required State to pay 100% of child care fund administrative rate for new cases. (Secs. 546 and 589)
8. **Lead Abatement.** Conference required DHS, MSHDA, and DCH to coordinate lead abatement and weatherization and to give priority to homes with a child who has high blood lead levels. (Secs. 1106 and 1107)
9. **Transportation Consolidation Workgroup.** Conference included workgroup with DHS, MDOT, DCH, DOC, and Treasury to coordinate transportation for low-income, elderly and disabled populations. (Sec. 227)
10. **Michigan Works! and TANF.** Conference included workgroup to explore Michigan Works! TANF funding and declining FIP caseloads, and language to require reporting to DHS as part of the interagency agreement for TANF. (Secs. 229 and 234)
11. **Child Welfare Performance Goals.** Conference changed 24 month target from 31% to 27%, added child welfare staff performance objectives, added MiTEAM review of psychotropic medication, and required medical passport. (Secs. 501, 540, 563, 566 and 567)
12. **Parent-Child Visitations.** Language to increase parent-child visitation success rate, including training for courts, new targets for success rate, and documentation of parent visits. (Secs. 560, 562, 564, and 565)
13. **Title I Transfer.** Conference required workgroup to assess a Title I Transfer for child welfare and juvenile justice. (Sec. 592)
14. **Disability Review and Waiver Request.** Conference included review of cases that apply for disability more than once and waiver request to Federal government for a one-page redetermination application. (Secs. 602 and 622)
15. **Juvenile Justice Vision 20/20 Database.** Funded a work project for a juvenile justice data system and required report. (Sec. 703)
16. **Donated Funds Positions.** Required contracts for donated funds positions with eligible agencies. (Sec. 750)
17. **Healthy Michigan Call Center.** Conference included implementation of an accounting structure with DCH, and quarterly reports on call center and Medicaid eligibility. (Sec. 751)
18. **Adult and Disabled Services.** Conference included revisions for Centers for Independent Living, employment goals for MRS, standard of promptness for Medical Review Team. (Secs. 401, 403, 404, and 620)
19. **Licensing Standards.** Conference included language to revise licensing standards for child welfare. (Secs. 315 and 574)
20. **Other Adoption Support.** Included parent-to-parent mentoring and adoption finalization reimbursements. (Secs. 559 and 569)
21. **Multicultural Integration Funding.** Language included performance guidelines. (Sec. 695)
22. **New Education Programs.** Included Michigan Reading Corps, School Success Partnership, Fostering Futures Scholarship and Trust Fund. (Secs. 522, 1108, 1204, 1205)
23. **MRS and Swift-and-Sure Program.** Included Michigan Rehabilitative Services and Judiciary prevention program. (Sec. 407)
24. **Pilots and Other One-time Programs.** Conference included language on program for CPS worker secondary trauma, juvenile justice in-home community care, Center for Hope, and SACWIS for private agencies. (Secs. 509 and 587, 1202, 1203)
25. **EFIP Notification and PATH.** Notification regarding FIP lifetime limit and FIP reporting requirements. (Secs. 657 and 677)
26. **Other Language.** Included benchmarks, bid process, contracts, employee evaluations. (Secs. 206, 228, 230, 424, 563, 626, 701)

Date Completed: 6-9-14

Fiscal Analyst: Frances Carley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$75,335,500**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Removal of Autism Coverage Fund.** The Governor, Senate, and House did not include funding for this item for FY 2014-15. The fund was appropriated \$15.0 million in FY 2012-13, and an additional \$11.0 million in FY 2013-14. To date, approximately \$1.0 million of the fund has been spent, approximately \$150,000 is pending disbursement, and approximately \$24.9 million remains unspoken for, assuming the pending reimbursements are not denied. (11,000,000)
- 2. **Economic Adjustments.** Included a negative \$32,500 Gross and \$0 GF/GP for OPEB and \$831,700 Gross and \$0 GF/GP for other economic adjustments. 799,200

Conference Agreement on Items of Difference

- 3. **Healthy Michigan Plan Administration.** The Senate included \$100 GF/GP as a placeholder for the executive director program to administer Medicaid expansion. The Governor included \$150,000 GF/GP for this item. The House did not include this item. The Conference included \$55,000 GF/GP for this item. 55,000

Total Changes ..... (\$10,145,800)

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$65,189,700**

**Amount Under GF/GP Target: \$95,000**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Record Retention.** The Governor deleted and the Senate and House retained a requirement regarding retaining copies of reports in compliance with Federal and State guidelines for short-term and long-term record retention. (Sec. 212)
2. **Disciplinary Action.** The Governor deleted and the Senate and House retained a prohibition against the Department taking disciplinary action against an employee for communicating with a member of the Legislature or Legislative staff. (Sec. 215)
3. **Office Space Reporting.** The Governor deleted and the Senate and House retained a requirement that the Department submit a report regarding the amount of office space square footage paid for and actually used by the Department. (Sec. 219)
4. **Television and Radio Productions.** The Governor deleted and the Senate and House retained a prohibition against the Department developing or producing any television or radio productions. (Sec. 232)
5. **Request for Proposal Requirements.** The Governor, Senate, and House deleted a requirement prohibiting any State department or agency from issuing a request for proposal for a contract in excess of \$5.0 million without first considering an evaluation process to learn more about the specific market of the future proposal. (Sec. 238)
6. **FY 2014-15 Legacy Costs Identified.** The Governor, Senate, and House included a new section that indicates total appropriations for legacy costs. (Sec. 235)

Conference Agreement on Items of Difference

7. **Healthy Michigan Plan.** The House included a requirement for the Department to identify expenditures associated with administering the Healthy Michigan plan, and provide a report by October 1, 2014. The Conference concurred with the House. (Sec. 245) The Conference included requirements for \$55,000 in GF/GP to be spent on reporting requirements under the Healthy Michigan Plan, and for the Department to acquire at least two bids before spending the funds. (Sec. 246)
8. **Full-time Equated Positions: Spending and Reporting.** The Governor deleted and the Senate and House retained a section which stated that it is the Legislature's intent that: 1) appropriations are properly accounted for, and 2) that full-time equated positions are not to be used as placeholders for spending in other parts of budgets. The Senate included provisions that would require the report to include a breakdown of FTE positions that are allocated for economic development and economic development planning. The Conference concurred with the Senate. (Sec. 240)
9. **Insurance and Financial Economic Development.** The Governor deleted and the Senate and House retained a requirement for the Department to submit a report to the Legislature indicating funds spent and full-time positions used, and a plan for ongoing and future efforts, regarding support of economic development of the insurance or financial industries. The Senate amended the section to require a detailed two year plan for departmental economic development activities. The Conference concurred with the Senate. (Sec. 310)
10. **Federal Standards.** The Governor and the Senate deleted and the House retained a prohibition against the Department adopting or promulgating a rule more stringent than the applicable Federal standard unless specifically authorized by statute. The Conference concurred with the Senate. (Sec. 341)
11. **Autism Coverage Fund.** The Governor deleted and the Senate and House retained provisions regarding Department reports on diagnosis and treatment. The Senate and House had some technical differences regarding the report requirements. The Conference reached agreement on the details of the report requirements. (Secs. 801 and 802)
12. **Adjustments from FY 2013-14.** The Governor and the Senate deleted a section that anticipated FY 2014-15 appropriations for the Department budget would be the same as for FY 2013-14, except for adjustments due to changes in caseload and related costs, Federal fund match rates, economic factors, and available revenue. The Conference concurred with the Senate. (Sec. 1201)
13. **Future Legacy Costs.** The Governor and the Senate deleted a section that stated it was the intent of the Legislature that the Department identify the amounts for normal retirement costs and legacy retirement costs for FY 2014-15. The Conference concurred with the Senate. (Sec. 1202)

Date Completed: 6-4-14

Fiscal Analyst: Glenn Steffens



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$284,814,100**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Regionalization and Expansion of Drug and DWI Courts.** Governor, Senate, and House recognized the ability to access funding for Federal grants to increase the number of drug courts and DWI/sobriety courts with \$0 GF/GP. Total funding for FY 2014-15 would be \$1,375,000 and would also be used to encourage the regionalization of DWI/sobriety courts. 725,000
- 2. **State Appellate Defender Office (SADO).** Governor, Senate, and House replaced Federal grant funding for 3.0 FTEs with \$350,000 GF/GP, to enable the office to continue these positions. 0
- 3. **Judgeship Attrition Savings.** In accordance with the 2011 Judicial Resource Recommendation, the Legislature passed a package of bills reducing judgeships through attrition; associated with these reductions the Governor, Senate, and House reflected GF/GP savings that will be achieved by the attrition of 12.0 judgeships. (1,528,500)
- 4. **Indigent Defense Commission.** Governor, Senate, and House increased funding for administrative staffing from \$750,000 to \$1,000,000 GF/GP. 250,000
- 5. **Economic Adjustments.** Includes \$278,900 reduction in Gross and \$226,500 reduction in GF/GP for OPEB and \$1,926,600 increase in Gross and \$1,631,800 increase in GF/GP for other economic adjustments. Senate and House concurred with the Governor's recommendation. 1,647,700

Conference Agreement on Items of Difference

- 6. **Expand Mental Health Diversion Program.** Funding would provide for a mental health program which would use a multi-agency approach to improve outcomes for persons with serious mental illness. The added resources would seek to prevent repeated hospitalizations or incarceration of these individuals. Governor and House added \$1,730,000 Gross and GF/GP. Senate included \$1,100,000. Conference concurred with House. 1,730,000
- 7. **Trial Court Performance Innovations Fund.** Governor and House recommended \$1.0 million GF/GP for incentives to courts to improve efficiency. Senate did not include. Conference reduced funding by \$625,000 Gross and GF/GP. (625,000)
- 8. **Implementation of Case Management System.** SCAO is leading the implementation of a new unified case management information system called Michigan Court System (MiCS). Governor and House moved \$3.5 million from one-time and added \$634,300, resulting in \$4.1 million in ongoing funding. Senate did not include increase or funds movement. Conference concurred with House. 634,300
- 9. **Align State with Federal Court Interpretation Rules.** Governor and Hose proposed \$245,000 GF/GP for access for court interpretation for those with limited English ability. Senate did not include. Conference agreed on increase of \$120,000 Gross and GF/GP. 120,000

Total Changes ..... **\$2,953,500**

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$287,767,600**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections were not included: 204, 212, 306, 309, 310, 312, 321, 323, 1201, and 1202. Senate and House rejected these deletions and restored all of the boilerplate sections.
2. **Definitions.** Governor eliminated a number of definitions for Federal agencies as well as some terms specific to appropriations. Senate and House restored all of the definitions. (Sec. 11-203)
3. **Legacy Costs Reporting.** Governor proposed a new section stating the total legacy costs as well as the separately stated legacy pension and retiree health care costs. Senate and House concurred with this new section. (Sec. 11-224)
4. **Court of Claims Funding Identification.** Governor revised the section detailing the amount the Judiciary has identified for the reimbursement to the Court of Claims. Senate concurred with this new section. (Sec. 11-303)

Conference Agreement on Items of Difference

5. **Out-of-State Travel – REVISE.** Governor revised the section regarding out-of-state travel reporting; the language changes are mainly technical. Conference concurred with this change. (Sec. 11-215)
6. **Legal Self-Help Website – REVISE.** House revised language to streamline the reporting requirement for SCAO on the costs and usage data on the website. Senate did not include revision. Conference concurred with the House version. (Sec. 11-321)
7. **Foster Parents and Foster Care Process – NEW.** Senate added two new sections dealing with legislative intent for foster parents in dealing with the foster care process. House did not include. Conference concurred with Senate. (Secs. 11-205 & 207)
8. **Juvenile Justice Vision 20/20 – NEW.** Senate added new section expressing legislative intent for the implementing the juvenile justice 20/20 program. House did not include. Conference revised language to implement if funding becomes available. (Sec. 11-209)
9. **Michigan Rehabilitation Services/Swift-and-Sure – NEW.** Conference added language which will establish an interagency collaboration with Department of Human Services which will expand the swift-and-sure probation program and allow for parolees to participate if pending legislation is enacted. (Sec. 11-211)
10. **Performance Measures. – NEW.** House included performance measure language to detail benchmarks to determine return on taxpayer investment. Governor and Senate did not include. Conference concurred with House. (Sec. 11-225)
11. **Mental Health Diversion Council – NEW.** Governor and House agreed on a new section stating the amounts appropriated for mental health courts and diversion services is intended to be used upon the recommendations from the Mental Health Diversion Council in the amount of \$1,730,000. Senate included language, but amount was \$1,100,000. Conference concurred with House. (Sec. 11-307)

Date Completed: 6-6-14

Fiscal Analyst: John Maxwell



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$502,918,700**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Administrative Hearings.** The Governor, House, and Senate included 6.0 FTEs, Federal and GF/GP funding for an anticipated increase in administrative hearings under Medicaid expansion. 900,000
- 2. **Other Items.** The Governor, House, and Senate included \$700,000 in Federal funds for Health Systems surveys, \$700,000 for increased elevator inspections, various technical fund adjustments, \$1.0M for replacement of a tax credit for self-insurers, and \$4.1M in economic adjustments. 4,300,800

Conference Agreement on Items of Difference

- 3. **Department-Wide Process Improvements.** The Governor and Senate included GF/GP funding for an initiative to improve customer service and administrative efficiencies. The House did not include any funding for this item. The Conference included full funding, but used Corporation Fees for \$175,000 of the total \$700,000. 700,000
- 4. **Bureau of Construction Codes.** The Governor and House included additional restricted funding to pay for online database development and permitting of demolitions in Detroit. The Senate and Conference created a new \$800,000 line item for Detroit demolitions and put the remainder in the Bureau line-item. The total funding for the item was unchanged. 1,066,300
- 5. **Accessibility Pilot Project.** The Senate and Conference included a pilot project to assist municipalities and businesses with accessibility and to provide universal design blueprints. 100,000
- 6. **Veterans' Fee Exemption Fund Shift.** The House removed \$2.1M in GF/GP and replaced it with restricted funds in MIOSHA and the Bureau of Construction Codes (BCC) to reflect lower-than-anticipated utilization of statutory exemptions for certain fees. The Conference made the shift of \$2.0M in MIOSHA, but did not make the shift in BCC. 0
- 7. **Delphi Corporation Workers' Compensation Payment Fund.** The Conference included a \$15.0M GF/GP appropriation to this fund. The Fund would be used to pay State workers' compensation liabilities related to the bankruptcy of Delphi Corp. 15,000,000
- 8. **Health Professions Disciplinary Actions IT Upgrades.** The Conference included GF/GP for upgrades to the Bureau of Healthcare Services website to allow users to search health professionals' disciplinary actions. 200,000
- 9. **Bureau of Fire Services Fund Shift.** The Conference reduced Liquor Purchase Revolving Fund appropriations in the Bureau by \$2.0M and replaced them with GF/GP. 0
- 10. **One-Time Unemployment Insurance Agency Operations.** The Governor and Senate included additional restricted funds for UIA operations for FY 2014-15. The Governor also requested \$2.4 million for a mobile claim filing app for the UIA. The Senate included half of the funding for the app; the House and Conference did not fund the mobile app. 18,000,000
- 11. **Other Changes.** Other changes included by the Conference include removal of 100.7 unfunded FTE positions, \$1.5M in additional Federal authority for the Bureau of Services for Blind Persons, removal of the Children's Protection Registry Fund per EO 2014-5, removal of private fund appropriations, removal of two IT placeholders, \$1.3M for property management for UIA, and reducing a Liquor Control Commission IT project by \$1.5M to reflect its actual budget. (697,600)

**Total Changes ..... \$39,569,500**

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$542,488,200**

**Amount Over/(Under) GF/GP Target: \$0**

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Legacy Costs in Budget.** The Governor, House, and Senate included a new section detailing legacy costs that are included as part of the FY 2014-15 LARA budget. (Sec. 235)
2. **Medical Marijuana Program Grants.** The Governor, House, and Senate included a section directing how \$3.0M in grants to county sheriffs for education, communication, and enforcement of the Michigan Medical Marijuana Act be spent. (Sec. 902)

Conference Agreement on Items of Difference

3. **Performance Benchmarks.** The House included a section requiring performance benchmarks be identified for any new program or program increase. The Conference included a modified version of this section that only required benchmarks for increases of \$500,000 or more. (Sec. 205)
4. **Special Events Private Revenue.** The House included a section allowing revenue from training seminars and other events to be spent as it was received. The Conference included a \$500,000 limitation on these expenditures. (Sec. 241)
5. **Private Grant Revenue.** The Conference included a section allowing private revenues to be expended upon receipt. No more than \$1,500,000 would be allowed to be spent under the section (Sec. 225)
6. **Reinventing Performance in Michigan (RPM) Cost-Share.** The Conference included a section requiring the Department to work with other agencies participating in the RPM program to help cover the Department's costs. (Sec. 243)
7. **Healthy Michigan Plan Accounting.** The House and Conference included a section requiring the Department to work with the Department of Community Health to identify any expenditures related to the Healthy Michigan Plan. (Sec. 245)
8. **Fireworks Safety Local Reimbursement.** The Governor removed guidelines for fireworks safety grants. The Senate and Conference retained only the reporting requirements of the section. (Sec. 511)
9. **Fire Services Non-Compliance Pilot Project.** The Conference included a pilot project to allow the Bureau of Fire Services to charge a \$200 fee to those who make false inspection appointments. (Sec. 513)
10. **Accessibility Pilot Project.** The Senate and Conference included a requirement that LARA work with a nonprofit group with expertise in disability accessibility to provide services and universal design blueprints (Sec. 1002)
11. **Health Professional Disciplinary Actions.** The Senate and Conference included a requirement that disciplinary actions be posted on the online license verification website. (Sec. 512)
12. **MARVIN Usage.** The Governor removed and Senate retained a section requiring a report on usage of the UIA's MARVIN system and establishing a goal of 80% usage of the Internet MARVIN system. The House increased the goal to 85% and the Conference reduced it to 75%. (Sec. 703)
13. **Rule Stringency.** The Governor, Senate, and Conference removed and House retained a section prohibiting the promulgation of rules more stringent than Federal standards. (Sec. 246 of House Bill)
14. **Licensing and Regulatory Program Report.** The Governor removed and Conference retained a section requiring a detailed activity report on most of the Department's programs. (Sec. 248)
15. **Freestanding Surgical Outpatient Facilities.** The Governor and Senate removed the earmark of \$530,000 for the inspection and licensing of these facilities. (Sec. 510)
16. **Firefighter Training Grant Allocations.** The Conference included a section requiring the Firefighter Training Council to use the statutory formula when distributing grants, but that the minimum grant size be \$5,000. (Sec. 903)
17. **Delphi Corp. Workers' Compensation Payment Fund.** The Conference included a new section directing how the balance of the Fund may be spent. \$8.0M would be immediately available, and \$7.0M would be available over five years. (Sec. 1001)

Date Completed: 6-9-14

Fiscal Analyst: Josh Sefton



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**BILL ANALYSIS**



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$177,130,000**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- |   |              |
|---|--------------|
| 1. <b>Michigan Veterans Affairs Agency (MVAA).</b> Governor, Senate, and House recommended additional funding of \$1.2 million GF/GP to support full staffing and CSS&M costs.  | 1,200,000    |
| 2. <b>MVAA Regional Coordinators.</b> Governor, Senate, and House recommended funding of \$750,000 GF/GP for additional 10 contracted employees.  | 750,000      |
| 3. <b>County Veterans Service Offices Incentives.</b> Governor, Senate, and House included \$250,000 GF/GP to support claims processing technology for county offices, adding new county veterans service officers and for the creation of new offices.   | 250,000      |
| 4. <b>One-Time Appropriations for FY 2013-14.</b> Governor, Senate, and House removed one-time FY 2013-14 appropriations of \$5,500,000 GF/GP for Veterans Service Delivery Initiative (\$3,965,000), MVAA Computer Upgrade (\$1,500,000), and County Counselor Training conference (\$45,000). | (5,500,000)  |
| 5. <b>Adjustment for FY 2013-14 Supplemental Appropriations.</b>  | (10,400,000) |
| 6. <b>Grand Rapids Home Funding Adjustment.</b> Governor shifted \$225,000 in Restricted funding to GF/GP to reflect lower collection and maintain service levels.  | 0            |
| 7. <b>Reductions to Reflect Actual Restricted Revenues Received.</b> Governor recommended reductions across several budget lines to reflect actual anticipated Restricted/Federal revenue.  | (3,125,000)  |
| 8. <b>Economic Adjustments.</b> Includes a negative \$463,500 Gross and a negative \$132,100 GF/GP for OPEB and \$1,753,300 Gross and \$509,500 GF/GP for other economic adjustments.   | 1,289,900    |

Conference Agreement on Items of Difference

- |  |             |
|--|-------------|
| 9. <b>National Guard Tuition Assistance Program.</b> Governor and Senate recommended \$5.0 million GF/GP to implement new tuition assistance program; House provided \$2.0 million. Conference funded at slightly lower level than Senate. | 4,742,100   |
| 10. <b>Veterans Homes Special Maintenance.</b> Governor and Senate added \$3.0 million GF/GP one-time appropriation, House provided \$2,500,000. Conference concurred with Senate.   | 3,000,000   |
| 11. <b>Veterans Advice, Advocacy, and Assistance Grants.</b> Senate added a total increase of \$857,900 GF/GP for grant program. House increase was \$500,000. Conference concurred with Senate.   | 607,900     |
| 12. <b>Armory Special Maintenance.</b> Senate and Conference reduced appropriations for special maintenance at state armories. Due to pre-funding of maintenance from PA 34 of 2014.   | (3,051,200) |
| 13. <b>Legal Services.</b> Senate and Conference added funds for MVAA to allow for representation before a Federal court.  | 50,000      |
| 14. <b>FY 2014-15 One-Time Appropriations.</b> The one-time appropriation total: \$3.4 million.  |             |

Total Changes ..... (\$10,186,300)

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$166,943,700**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Retirement Costs.** Governor, Senate, and House added language stating that FY 2015 legacy retirement costs total \$20,013,100 Gross, including pension costs of \$11,180,100 and retiree health care costs of \$8,833,000. (Sec. 231)

Conference Agreement on Items of Difference

2. **National Guard Bureau Funding.** House and Conference added language which lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which National Guard Bureau funds are provided. (Sec. 205a)
3. **Veterans Health Administration Funding.** House and Conference included language which lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which Veterans Health Administration funds are provided. (Sec. 205b)
4. **Medicare Funding.** House and Conference added language which lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which CMS Medicare funds are provided. (Sec. 205c)
5. **Medicaid Funding.** House and Conference added language which lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which CMS Medicaid funds are provided. (Sec. 205d)
6. **Carry Forward.** Conference added language authorizing carry forward of appropriations for Capital Outlay and special maintenance. (Sec. 232, 234)
7. **Starbase Grant.** Senate, House, and Conference added language which requires the Department to maintain a Starbase program as provided under 10 USC 2193b and specifies that the purpose of the program is to improve K-12 students' knowledge, skills, and interest in mathematics, science, and technology. (Sec. 309)
8. **National Guard Tuition Assistance Program.** Senate and Conference added language which requires DMVA to establish and maintain a tuition assistance program to members of the Michigan National Guard and specifies purpose and guidelines, with deference to enabling legislation, HB 5451. (Sec. 310)
9. **IT Services and Projects.** Senate and Conference included language to specify the basic purpose of the funds appropriated in part 1 for IT services and projects. (Sec. 311)
10. **Regional Service Coordination.** House and Conference added language which requires MVAA to establish regional coordinators and provides guidelines. (Sec. 400 (2))
11. **County Veterans Counselor Enhancement Grants.** House and Conference added language providing requirements placed on grant program. (Sec. 400 (5))
12. **MVAA Legal Services and Claims Representation.** Senate and Conference added language which specifies the MVAA may hire legal services to represent veterans cases before Federal courts in order to maintain accreditation by the VA. (Sec. 400 (7))
13. **Board of Managers.** Senate and Conference included language describing role of veterans homes board of managers. (Sec. 502, 504)
14. **Special Maintenance – Veterans' Homes (One-Time).** Senate, House, and Conference included purposes and guidelines for special maintenance. (Sec. 701)
15. **Veterans Outreach for FY 2015-16.** Senate and Conference added language which requires the MVAA to report the percentage of veterans contacted, with a goal of 100%, at quarterly meetings of the subcommittees. (Sec. 2012)
16. **MVAA Claims Services.** Senate and Conference added language which requires that in FY 2015-16, 50% of MVAA-filed claims for VA benefits be fully-developed. (Sec 1203)

Date Completed: 6-6-14

Fiscal Analyst: Bruce Baker



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$343,138,900**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Additional Conservation Officers.** The Governor, House, and Senate included GF/GP funding and 25.0 FTEs for the hiring of additional conservation officers. 3,500,000
- 2. **Annualization of Hunting and Fishing License Fee Increase.** The Governor, House, and Senate included additional Game and Fish dollars to reflect the license fee increases implemented last year. FY 2014-15 will be the first full fiscal year where the new fees will be in effect. 8,057,500
- 3. **Great Lakes Research Vessel.** The Governor, House, and Senate included \$1.0 million in GF/GP revenue, \$500,000 Game and Fish, and \$500,000 in expected private funds for the replacement of the *Chinook*, the DNR's fish research vessel on Lake Huron. 2,000,000
- 4. **Economic Adjustments.** Includes a negative \$1,073,900 Gross and a negative \$80,900 GF/GP for OPEB and \$6,667,800 Gross and \$335,800 GF/GP for other economic adjustments. 5,593,900
- 5. **Other Changes.** Other changes include technical revenue adjustments, \$2.0M in additional restricted funding for State Parks operations, an increase of \$350,000 in restricted funds for the purchase of wildfire equipment, capital outlay adjustments, and removal of FY 2013-14 one-time expenditures. 4,395,100

Conference Agreement on Items of Difference

- 6. **Invasive Species Initiative.** The Governor included \$4.0 million in ongoing and \$2.0 million in one-time GF/GP funding for a new initiative to combat invasive species. 16.0 FTEs were also included. The Senate further increased funding by \$170,000. The House and Conference included a total of \$5.0 million. 5,000,000
- 7. **Non-Motorized Trail Initiative.** The Conference included GF/GP funding intended to increase non-motorized trail development throughout the State. The House did not include this funding. 2,500,000
- 8. **State Park Repair and Maintenance.** The Conference removed \$3.5 million in unavailable restricted funds and included \$2.5 million in private funds and \$3.75 million GF/GP. The House included \$1,375,000 in GF/GP. 2,750,000
- 9. **Michigan Conservation Corps/Summer Youth Initiative.** The Governor included additional GF/GP for this program. The Senate removed this program, the House kept it at current-year levels. The Conference included \$1.0 million for the program. (1,500,000)
- 10. **Cormorant Population Mitigation.** The Senate and Conference included additional funding for the management of cormorants. This would bring total funding for the program to \$150,000. 50,000
- 11. **Forestry Funding Changes.** The Governor and Senate transferred \$4.0 million in Forest Dev. Fund from Wildfire Protection to Forest Management and Timber Market Dev. The shortfall in Wildfire Protection was backfilled with GF/GP. The House did not include this item. The Conference reduced the increase by \$80,000. 3,920,000
- 12. **Other Projects.** The Senate and Conference included \$2.0 million for a grant to the River Raisin National Battlefield Foundation, \$280,000 for a feasibility study of deepening the Saginaw River and \$1.0 million for repair of dikes on the Flint River. The Conference included two new projects: \$1.0 million for public safety land improvements for the City of Alma/Alma College, and \$1.0 million for improvements to the Hart-Montague Trail. 5,280,000

Total Changes ..... \$41,546,500

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$384,685,400**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Communication with the Legislature.** The Governor removed and Conference retained a prohibition on taking disciplinary action against employees who communicate with the Legislature. (Sec. 212)
2. **Waterways Report.** The Governor removed and Conference retained a report on projects completed during the fiscal year. (Sec. 223)
3. **Land Transaction Report.** The Governor removed and Conference retained a report on land transactions from the previous year. (Sec. 408)
4. **Invasive Species Order Report.** The Governor removed and Conference retained a report on invasive species order actions taken against swine raised under the husbandry of Michigan residents. (Sec. 503)
5. **Cervid Fee Report.** The Governor removed and Conference retained a report on Cervid inspection fees. (Sec. 504)
6. **Water Control Structure Certification.** The Governor removed and Conference retained a prohibition on impeding the certification of water control structures. (Sec. 602)
7. **Recreation Opportunities.** The Governor removed and Conference retained a requirement that the Legislature be notified of any intent to reduce recreation opportunities. (Sec. 702)
8. **Timber Marking.** The Governor removed and Senate retained two sections that prescribed minimum amounts of timber to be prepared and marked for harvest, and that a sufficient number of foresters are hired to do so. (Sec. 802 & 805)

Conference Agreement on Items of Difference

9. **Performance Benchmarks.** The House included new language requiring proposals for new or increased programs to include performance benchmarks. The Conference included a modified version of this section. (Sec. 204)
10. **Michigan Civilian Conservation Corps.** The Senate and Conference included a new section requiring the DNR to work with the MCCC steering committee to plan for a MCCC outside of State government. (Sec. 250)
11. **Invasive Species Initiative.** The Senate included a new section earmarking \$3,770,000 of this program for grants. The House included \$4.4M and the Conference included \$3.6M. (Sec. 251)
12. **Oil and Gas Lease Report.** The Governor, Senate, and Conference removed a report on certain types of gas leases where acreage held in a producing unit is less than  $\frac{1}{4}$  of the lease acreage. The House retained this section (Sec. 409 of House Bill)
13. **Cormorant Report.** The Governor and House removed a quarterly report on Cormorant control efforts. The Senate and Conference retained the report and expanded it to put additional conditions on the program. (Sec. 603)
14. **Pure Michigan Trails.** The Senate and Conference included a new section which would earmark \$200,000 for the Pure Michigan Trails program if Senate Bills 873 through 877 are enacted. (Sec. 704)
15. **Burt Lake Trail Connector.** The Senate included a new section earmarking \$100,000 for this trail. The Conference did not include this section. (Sec. 705 of Senate Bill)
16. **Horseback Interests.** The Governor and House removed and Senate and Conference retained a requirement that the DNR work with horseback interests. (Sec. 804)
17. **Gas and Oil Lease Development.** The Senate and Conference included a new section requiring the DNR to develop a plan to motivate gas and oil lessees to undertake warranted new operations. (Sec. 808)
18. **Forestry Best Practices Management Audit.** The House and Conference included a new section requiring DNR to work with landowners to audit statewide best practices. (Sec. 809)
19. **Saginaw River.** The Senate included a feasibility study of deepening the Saginaw River. (Sec. 1201)

Date Completed: 6-9-14

Fiscal Analyst: Josh Sefton



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$613,479,000**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **New Trooper School.** Governor, Senate, and House recommended \$13.5 million gross, \$12.6 million GF/GP for costs of a new trooper school to graduate 100 new troopers in 2015. Target is to increase to 1,184 on October 1, 2015. 12,268,900
- 2. **FY 2013-14 Trooper School – 2<sup>nd</sup> Year Costs.** Governor, Senate, and House recommended \$2.7 million. 2,694,400
- 3. **New Motor Carrier Officer School.** Governor, Senate, and House included \$5.2 million GF/GP to fund a motor carrier officer school expected to graduate 31 officers. 4,391,900
- 4. **Emergency Support Team Vehicle Replacement.** Governor, Senate, and House included. 225,000
- 5. **LEIN Initiatives.** Governor, Senate, and House included support for disaster recovery costs. 662,800
- 6. **Automated Fingerprint Identification System Maintenance/Upgrade.** Governor, Senate, and House included. 2,187,200
- 7. **New Electric Warrant System.** Governor, Senate, and House added \$800,000 GF/GP. 800,000
- 8. **Saginaw Area Records Management System.** Governor, Senate, and House added \$1,528,000 GF/GP and 8.0 FTEs. 1,528,000
- 9. **Adjustments.** Removal of One-Time GF/GP Appropriations for FY 2013-14, Shift of Public Safety Communications System Funding to DTMB Budget, Adjustment for FY 2013-14 Supplemental, and Reductions to Reflect Actual Revenues Received. (29,501,300)
- 10. **Economic Adjustments.** Includes a negative \$295,000 Gross and a negative \$47,100 GF/GP for OPEB and \$19,063,700 Gross and \$13,873,800 GF/GP for other adjustments. 18,768,700

Conference Agreement on Items of Difference

- 11. **New Helicopter Purchase.** Governor and Senate recommended the purchase of a new helicopter. House only included placeholder amount. Conference concurred with Governor and Senate. 5,178,000
- 12. **Local Public Safety Initiative.** Governor and Senate recommended adding \$5.0 million. House amount was \$100 less. Conference funded at lower level. 4,550,000
- 13. **Security at Events.** Senate reduced the level of funding from \$1,259,600 to \$500,000 GF/GP, Conference reduced line to \$100. (759,600)
- 14. **Marshall Police Post Building Costs.** Added by Conference. 2,000,000
- 15. **Rent for MSP Detroit Crime Lab.** Added by Conference. 1,100,000
- 16. **FY 2014-15 One-Time Appropriations.** Total \$17,979,300.

Total Changes ..... **\$26,094,000**

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$639,573,000**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Retirement Costs.** Governor, Senate, House and Conference added language which states FY 2015 legacy retirement costs total \$121,652,900 Gross, including pension costs of \$66,300,300 and retiree health care costs of 55,352,600. (Sec. 233)
2. **Trooper Recruit School.** Senate, House, and Conference included language which requires the Department to maintain staffing and resources to train at least 100 trooper recruits. (Sec. 701)
3. **Motor Carrier Recruit School.** Senate, House, and Conference added language requiring the MSP to maintain staffing and resources to train at least 31 motor carrier officer recruits. (Sec. 703)
4. **LEIN Programming Language.** Senate, House, and Conference added language which requires one-time funds to be expended on updating the programming language that supports Law Enforcement Information Network (LEIN). (Sec. 705)
5. **Electronic Warrant System.** Senate, House, and Conference added language which requires one-time funds to be expended in support of the development of an electronic warrant reporting system. (Sec. 706)

Conference Agreement on Items of Difference

6. **Department of Homeland Security Funding.** House and Conference included language which lists specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which Department of Homeland Security funds are provided. House and Conference. (Sec. 205c)
7. **Department of Justice Funding.** House and Conference including language listing the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which Department of Justice funds are provided. (Sec. 205b)
8. **Department of Transportation Funding.** House and Conference included language listing the specific programs, funded. (Sec. 205c)
9. **Receipt and Retention of Required Reports.** Senate and Conf. included requirement for MSP to receive and retain copies of required reports. (Sec. 212)
10. **Wayland Post.** House and Conf. added language which requires MSP to begin discussions with City of Wayland on moving current MSP Wayland post. (Sec. 235)
11. **Traffic Safety Support Services Program Authority.** House and Conference included language listing the specific authority under which Training Division, Traffic Services Section operates. (Sec. 401 (6))
12. **MCOLES Program Authority.** House and Conf. added language listing specific authority under which MCOLES operates and requires data reports. (Sec. 404)
13. **CJIS General Authority.** House and Conference added language listing the specific legal authority regarding the authority. (Sec. 405 (1))
14. **Uniform Crime Reporting and Crime Statistics Program Authority.** The House and Conference included language listing the legal authority for the reporting of crime information and the compilation of crime statistics. (Sec. 405 (4) (5))
15. **Freedom of Information Act.** House and Conference added language requiring the Department to comply with the Freedom of Information Act, 1976 PA 442; requires the Department to submit an annual report. (Sec. 405 (6) (7))
16. **Firearms Records and Licensing.** House and Conference added language listing its specific legal authorities. (Sec. 405 (13))
17. **Concealed Pistol Licensing Activities.** Senate and Conference added language which requires a report on CPL fee revenues and expenditures. (Sec. 405 (13))
18. **DNA Analysis Program.** House and Conference added language which adds its legal authority under which MSP provides DNA analysis and profiling. (Sec. 414)
19. **Biometrics and Identification Program Authority.** House and Conference included language listing its legal authority. (Sec. 414 (1))
20. **Commercial Vehicle Enforcement Performance Information.** House and Conference included language which requires MSP to report by January 1 its commercial vehicle size and weight enforcement efforts during the prior fiscal year. (Sec. 602 (2))
21. **Motor Carrier Safety Program Authority.** House and Conference included language which lists its legal authority. (Sec. 602 (3))
22. **Secondary Road Patrol Program Authority.** House, Senate, and Conference added language listing its legal authority. (Sec. 610)
23. **Emergency Support Team Vehicle.** Senate, House, and Conference added language to purchase one emergency response vehicle. (Sec. 702)
24. **Aviation Support.** Senate and Conference added language specifying how a new helicopter would be used. (Sec. 704)
25. **Local Public Safety Initiative.** Senate, House, and Conference added language which requires one-time funds to be expended in support of a grant program, in collaboration with the Council on Law Enforcement and Reinvention (CLEAR), in support of school security needs and directs 80% of funds be allocated to public and private schools (K-12) for safety-related improvements and 20% be allocated to county sheriff's departments for equipment, technologies, or officer training that enhances school safety and the Departments' ability to respond to school incidents. (Sec. 708)
26. **Marshall Post Lease Costs.** Conference added language which specifies that funds shall be expended for Marshall post. (Sec. 709)
27. **FY 2015-2016 Performance Metrics.** Conference added language which states legislative intent for metrics. (Sec. 1202)

Date Completed: 6-6-14

Fiscal Analyst: Bruce Baker

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



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**MEETING NOTICE**



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**FY 2013-14 Year-to-Date Gross Appropriation ..... \$3,826,145,600**

**Changes from FY 2013-14 Year-to-Date:**

Items Included by the Senate and House

- 1. **Intercity Passenger and Freight.** Net of adjustments due to 1) a lower number of vehicles eligible for replacement; 2) increased estimates in Federal rail and rail freight fund revenues; and 3) a decrease in terminal development. 10,439,000
- 2. **Transportation Economic Development Fund.** The Governor, Senate, and House redirected the entire TEDF through the TEDF statutory distribution formula. 9,457,600
- 3. **Oversight of Local Agency Federal Aid Program.** MDOT has reallocated staff or used consultant services to conform to requirements regarding local agency Federal aid. 3,469,000
- 4. **Bus Transit Division.** Adjustments to CTF funding to align appropriations with projected expenses of transit agencies, and eliminate discretionary State operating assistance. (4,624,000)
- 5. **Public Transportation Development.** Adjustments to reflect current service baseline costs. This is the net result of a decrease of \$89,900 in specialized services, a decrease of \$612,000 in van pooling, and an increase of \$417,100 for service initiatives. (284,800)
- 6. **One-time Appropriations for Rail Infrastructure and Airport Safety.** \$10.0 million in GF/GP was appropriated to transit capital and rail infrastructure to match Federal transit and rail aid, and \$2,047,900 in GF/GP was appropriated to match Federal aeronautics aid. 12,047,900
- 7. **Elimination of FY 2013-14 One-time Appropriations.** Appropriations for the priority roads investment program, trunkline and bridge construction, Beaver Island transportation authority, special winter road maintenance, and rail operations. (\$348,328,900 in GF/GP). (463,328,900)
- 8. **Economic Adjustments.** Includes a negative \$1,688,300 Gross and \$0 GF/GP for OPEB and \$7,630,300 Gross and \$0 GF/GP for other economic adjustments. 5,942,000
- 9. **Other Changes.** A new IT system, changes in debt service, various revenue adjustments, and an increase in IDGs based on other agency program decisions. 27,735,200

Conference Agreement on Items of Difference

- 10. **One-time Appropriation of GF/GP for Federal Match.** The Governor and Senate included \$127.0 million in GF/GP to match Federal highway aid. The Governor included an additional \$115.0 million GF/GP for state trunkline and bridge construction, which the Senate redirected to priority transportation projects. The House included this appropriation within a separate line item. The Conference concurred with the Senate. 127,000,000
- 11. **One-time Appropriation of GF/GP for State Trunkline and Locals.** The Senate included \$117.0 million in GF/GP for priority transportation projects, including the RTA and State and local roads and bridges. The House included \$379.0 million in GF/GP for State and local roads and bridges. The Conference included \$144.5 million in GF/GP for State and local roads and bridges. 144,500,000
- 12. **One-time Appropriations for High-Speed Rail Crossing Pilot Program and Rail Tunnel Crossing Project.** The Senate included \$11.5 million in GF/GP for a pilot program for high-speed rail crossings (at \$1.5 million) and a rail tunnel between Detroit and Windsor that can accommodate double-stacked freight cars (at \$10.0 million). The Conference included the rail crossing as a line item, but not the freight tunnel. 1,500,000
- 13. **One-time Appropriations for the Regional Transit Authority.** The Senate included \$2.0 million to fund the RTA. The Conference included \$1.1 million in funding. 1,100,000

Total Changes ..... (\$125,047,000)

**FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation ..... \$3,701,098,600**

**Amount Over/(Under) GF/GP Target: \$0**

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Disciplinary Action.** The Governor deleted and the Senate and House retained a prohibition against MDOT from taking disciplinary action against an employee for communicating with the Legislature. (Sec. 215)
2. **Remanufactured Parts and Alternative Road Materials.** The Governor deleted and the Senate and House retained a requirement to prioritize the use of remanufactured parts in vehicle maintenance (Sec. 270), and a requirement that MDOT evaluate the use of materials which incorporate crumb rubber from scrap tires (Sec. 660).
3. **Small Businesses.** The Governor deleted and the Senate and House retained a prohibition against funds being used in a way that would have a disproportionate economic impact on small businesses. (Sec. 263)
4. **Contractor-Related Requirements.** The Governor deleted and the Senate and House retained the following requirements and prohibitions: 1) MDOT must post signs regarding rest area maintenance (Sec. 319); 2) MDOT must review its contractor payment process and ensure compliance (Sec. 353); 3) MDOT must complete inspections for local Federal aid projects within 120 days of submission (Sec. 357); 4) MDOT may not reimburse contractors for certain costs (e.g., groundbreaking ceremonies) (Sec. 375); 5) MDOT must require use of the E-Verify system (Sec. 381); and 6) within two years of payment to a contractor, MDOT must submit a final cost-sharing bill (Sec. 382).
5. **High-speed Rail Pilot Project.** The Governor deleted and the Senate and House included provisions for a \$1.5 million pilot project to test devices at high-speed rail crossings, and a requirement that any bidding must be done under a competitive bidding process. (This project was vetoed in FY 2013-14.) (Sec. 736)
6. **Report Requirements.** The Senate and House retained the sections described below. The Governor deleted a requirement that MDOT must retain all reports in compliance with Federal and State guidelines. (Sec. 212). The Governor also deleted requirements that MDOT must provide a report regarding: expenditures associated with local governments (Sec. 233); money received by each local government within a legislator's district (Sec. 303); a rolling five-year plan of all construction projects (Sec. 307), and associated criteria for the plan (Sec. 603); MDOT's activities related to the prequalification of construction contractors (Sec. 308); the status of the State infrastructure bank (Sec. 313(3)); the amount of Federal aid for certain State and local programs (Sec. 401); contract incentives for State trunkline projects (Sec. 612); railroad line abandonment (Sec. 703); the balances of the CTF (Sec. 740); the status of airport improvement projects (Sec. 902); and production of copies of agendas and minutes for commission meetings (Sec. 310). The Governor deleted requirements to provide the State Budget Office with: GF/GP appropriation lapses (Sec. 228); and estimates regarding fund balances, revenues, and expenditures (Sec. 229).

Conference Agreement on Items of Difference

7. **Public Property Lease Restrictions.** The Governor and the Senate included a requirement that MDOT consider a party's permitted use of public transportation property to be consistent with the public transportation, and deleted a requirement regarding equal leasing rates for public transit agencies and intercity bus carriers. The Conference did not concur and omitted the change. (Sec. 305)
8. **Department-owned Aircraft Restrictions.** The Gov. deleted and the Senate and House amended a requirement regarding transporting legislators or staff only when an aircraft is scheduled on related official State business. The Conference concurred with the House. (Sec. 383)
9. **Detroit River International Crossing.** The Gov. deleted and the Senate amended a prohibition against certain activities relating to the DRIC until the Legislature enacts enabling legislation (Sec. 384), and a requirement that MDOT must report on planning activities related to the DRIC. The Conference retained the provisions from the prior year's budget. (Sec. 385)
10. **Petoskey Crossing and Bus Rollover Studies.** The Senate included requirements that MDOT provide a report regarding rollover test standards for transit buses (Section 741), and study the feasibility of a pedestrian crossing in Petoskey (Section 311). The Conference concurred with the Senate as to both items.
11. **Best Practices.** The House included a requirement to promote best practices for public transportation services, and to report on efforts by March 1, 2015. The Conference concurred with the House. (Sec. 393)
12. **Consolidation Workgroup.** The Senate included a requirement for a workgroup aimed at consolidating certain transportation services under one department. (Sec. 312) The Conference concurred with the Senate.
13. **New One-time Appropriations.** The Conference included provisions regarding Federal Match appropriations (Sec. 1001), state and local bridge funding (Sec. 1002), the high-speed rail crossing pilot program (Sec. 1004), the RTA (Sec. 1005), and a freight rail tunnel between Detroit and Windsor (Sec. 1006). The Department would have to report on the use of 1-time GF/GP funds for transit capital and rail infrastructure by December 1, 2015. (Sec. 1003).
14. **Elimination of One-time Appropriations.** The Governor, Senate, and House deleted provisions regarding the one-time FY 2013-14 appropriation of \$121,300,000 in GF/GP to match Federal highway funds. (Sec. 1001)
15. **Legacy Costs.** Total legacy costs are \$75,324,500; pension-related costs are estimated at \$42,130,400; and retiree health care legacy costs are estimated at \$33,194,100. (Sec. 271).

Date Completed: 6-5-14

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