

## **FIRST CONFERENCE REPORT**

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 189, entitled

A bill to make appropriations for the department of insurance and financial services and certain other state purposes for the fiscal year ending September 30, 2014; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

Recommends:

First: That the House recede from the Substitute of the House as passed by the House.

Second: That the Senate and House agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

(attached)

Third: That the Senate and House agree to the title of the bill to read as follows:

A bill to make appropriations for the department of insurance and financial services and certain other state purposes for the fiscal year ending September 30, 2014; to provide for the expenditure of those appropriations; to provide for the imposition

of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

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Mark C. Jansen

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Anthony G. Forlini

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Roger Kahn

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Al Pscholka

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Bert Johnson

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Pam Faris

Conferees for the Senate

Conferees for the House

**SUBSTITUTE FOR  
SENATE BILL NO. 189**

A bill to make appropriations for the department of insurance and financial services and certain other state purposes for the fiscal year ending September 30, 2014; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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PART 1  
LINE-ITEM APPROPRIATIONS  
FOR FISCAL YEAR 2013-2014

Sec. 101. The amounts listed in this part are appropriated for

the department of insurance and financial services, subject to the conditions set forth in this act, for the fiscal year ending September 30, 2014, from the funds identified in this part. The following is a summary of the appropriations in this part:

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

APPROPRIATION SUMMARY

Full-time equated unclassified positions..... 6.0

Full-time equated classified positions..... 337.0

GROSS APPROPRIATION..... \$ 75,335,500

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental

transfers ..... 707,600

ADJUSTED GROSS APPROPRIATION..... \$ 74,627,900

Federal revenues:

Total federal revenues..... 2,000,000

Special revenue funds:

Total other state restricted revenues..... 61,627,900

State general fund/general purpose..... \$ 11,000,000

State general fund/general purpose schedule:

Ongoing state general fund/general

purpose ..... 11,000,000

One-time state general fund/general

purpose ..... 0

**Sec. 102. DEPARTMENT SERVICES**

Full-time equated unclassified positions..... 6.0

Full-time equated classified positions..... 41.0

1	Unclassified salaries--6.0 FTE positions .....	\$	700,000
2	Executive director programs--4.0 FTE positions .....		615,700
3	Department services--37.0 FTE positions .....		8,168,800
4	Property management .....		792,000
5	Rent .....		258,800
6	Worker's compensation .....		12,700
7	Administrative hearings .....		<u>182,500</u>
8	GROSS APPROPRIATION .....	\$	10,730,500
9	Appropriated from:		
10	Special revenue funds:		
11	Bank fees .....		1,330,000
12	Consumer finance fees .....		632,800
13	Credit union fees .....		1,123,700
14	Deferred presentment service transaction fees .....		500,600
15	Insurance bureau fund .....		3,409,500
16	Insurance continuing education fees .....		221,600
17	Insurance licensing and regulation fees .....		2,827,000
18	MBLSLA fund .....		685,300
19	State general fund/general purpose .....	\$	0
20	<b>Sec. 103. INSURANCE AND FINANCIAL SERVICES</b>		
21	<b>REGULATION</b>		
22	Full-time equated classified positions .....		296.0
23	Insurance evaluation--54.0 FTE positions .....	\$	13,142,400
24	Insurance rates and forms--30.0 FTE positions .....		5,400,000
25	Financial institutions evaluation--131.0 FTE positions		18,661,000
26	Regulatory compliance, market conduct, and licensing--		
27	58.0 FTE positions .....		10,150,400

1	Consumer services and protection--23.0 FTE positions .	<u>4,000,000</u>
2	GROSS APPROPRIATION.....	\$ 51,353,800
3	Appropriated from:	
4	Interdepartmental grant revenues:	
5	IDG - LARA, for debt management.....	707,600
6	Federal revenues:	
7	Federal revenues.....	2,000,000
8	Special revenue funds:	
9	Bank fees.....	6,742,300
10	Captive insurance regulatory and supervision fund....	279,400
11	Consumer finance fees.....	4,129,600
12	Credit union fees.....	6,207,500
13	Deferred presentment service transaction fees.....	2,525,100
14	Insurance bureau fund.....	18,964,000
15	Insurance continuing education fees.....	886,300
16	Insurance licensing and regulation fees.....	4,725,600
17	MBLSLA fund.....	4,107,000
18	Multiple employer welfare arrangement.....	79,400
19	State general fund/general purpose.....	\$ 0
20	<b>Sec. 104. INFORMATION TECHNOLOGY</b>	
21	Information technology services and projects.....	<u>\$ 2,251,200</u>
22	GROSS APPROPRIATION.....	\$ 2,251,200
23	Appropriated from:	
24	Special revenue funds:	
25	Bank fees.....	253,800
26	Consumer finance fees.....	35,400
27	Credit union fees.....	251,400

1	Deferred presentment service transaction fees .....	114,100
2	Insurance bureau fund.....	728,800
3	Insurance continuing education fees.....	11,300
4	Insurance licensing and regulation fees.....	752,300
5	MBLSLA fund.....	104,100
6	State general fund/general purpose.....	\$ 0
7	<b>Sec. 105. AUTISM COVERAGE</b>	
8	Autism coverage fund.....	\$ <u>11,000,000</u>
9	GROSS APPROPRIATION.....	\$ 11,000,000
10	Appropriated from:	
11	State general fund/general purpose.....	\$ 11,000,000

12 PART 2

13 PROVISIONS CONCERNING APPROPRIATIONS

14 FOR FISCAL YEAR 2013-2014

15 **GENERAL SECTIONS**

16 Sec. 201. Pursuant to section 30 of article IX of the state  
 17 constitution of 1963, total state spending from state resources  
 18 under part 1 for fiscal year 2013-2014 is \$73,335,500.00 and state  
 19 spending from state resources to be paid to local units of  
 20 government for fiscal year 2013-2014 is \$0.00.

21 Sec. 202. The appropriations authorized under this act are  
 22 subject to the management and budget act, 1984 PA 431, MCL 18.1101  
 23 to 18.1594.

24 Sec. 203. As used in this act:

25 (a) "Department" means the department of insurance and

1 financial services.

2 (b) "Director" means the director of the department.

3 (c) "Fiscal agencies" means Michigan house fiscal agency and  
4 Michigan senate fiscal agency.

5 (d) "Subcommittees" means all members of the subcommittees of  
6 the house and senate appropriations committees with jurisdiction  
7 over the budget for the department.

8 Sec. 208. The departments and agencies receiving  
9 appropriations in part 1 shall use the Internet to fulfill the  
10 reporting requirements of this act. This requirement may include  
11 transmission of reports via electronic mail to the recipients  
12 identified for each reporting requirement, or it may include  
13 placement of reports on an Internet or Intranet site.

14 Sec. 209. Funds appropriated in part 1 shall not be used for  
15 the purchase of foreign goods or services, or both, if  
16 competitively priced and of comparable quality American goods or  
17 services, or both, are available. Preference shall be given to  
18 goods or services, or both, manufactured or provided by Michigan  
19 businesses, if they are competitively priced and of comparable  
20 quality. In addition, preference shall be given to goods or  
21 services, or both, that are manufactured or provided by Michigan  
22 businesses owned and operated by veterans, if they are  
23 competitively priced and of comparable quality.

24 Sec. 210. The director shall take all reasonable steps to  
25 ensure businesses in deprived and depressed communities compete for  
26 and perform contracts to provide services or supplies, or both. The  
27 director shall strongly encourage firms with which the department



1 contracts to subcontract with certified businesses in depressed and  
2 deprived communities for services, supplies, or both.

3 Sec. 212. The department and agencies receiving appropriations  
4 in part 1 shall receive and retain copies of all reports funded  
5 from appropriations in part 1. Federal and state guidelines for  
6 short-term and long-term retention of records shall be followed.  
7 The department may electronically retain copies or reports unless  
8 otherwise required by federal and state guidelines.

9 Sec. 215. The department shall not take disciplinary action  
10 against an employee for communicating with a member of the  
11 legislature or his or her staff.

12 Sec. 216. Not later than November 30, the state budget office  
13 shall prepare and transmit a report that provides for estimates of  
14 the total general fund/general purpose appropriation lapses at the  
15 close of the prior fiscal year. This report shall summarize the  
16 projected year-end general fund/general purpose appropriation  
17 lapses by major departmental program or program areas. The report  
18 shall be transmitted to the state budget office, the chairpersons  
19 of the senate and house appropriations committees, and the senate  
20 and house fiscal agencies.

21 Sec. 218. The departments and agencies receiving  
22 appropriations in part 1 shall prepare a report on out-of-state  
23 travel expenses not later than January 1 of each year. The travel  
24 report shall be a listing of all travel by classified and  
25 unclassified employees outside this state in the immediately  
26 preceding fiscal year that was funded in whole or in part with  
27 funds appropriated in the department's budget. The report shall be

1 submitted to the house and senate appropriations committee, the  
2 house and senate fiscal agencies, and the state budget director.  
3 The report shall include the following information:

4 (a) The dates of each travel occurrence.

5 (b) The total transportation and related costs of each travel  
6 occurrence, including the proportion funded with state general  
7 fund/general purpose revenues, the proportion funded with state  
8 restricted revenues, the proportion funded with federal revenues,  
9 and the proportion funded with other revenues.

10 Sec. 219. No later than April 1, the department shall submit  
11 to the subcommittees and the fiscal agencies a report pertaining to  
12 the following information:

13 (a) The amount, in square footage, of office space paid for  
14 with the appropriation in part 1 for both state-owned and leased  
15 office space, respectively, during the previous fiscal year.

16 (b) The amount, in square footage, of office space actually  
17 utilized by the department for both state-owned and leased office  
18 space, respectively, during the previous fiscal year.

19 (c) The amount of office space the department estimates will  
20 be utilized during the current and subsequent fiscal years.

21 Sec. 221. Funds appropriated in part 1 shall not be used by a  
22 principal executive department, state agency, or authority to hire  
23 a person to provide legal services that are the responsibility of  
24 the attorney general. This prohibition does not apply to legal  
25 services for bonding activities and for those outside services that  
26 the attorney general authorizes.

27 Sec. 223. (1) In addition to the funds appropriated in part 1,

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

6 (2) In addition to the funds appropriated in part 1, there is  
7 appropriated an amount not to exceed \$5,000,000.00 for state  
8 restricted contingency funds. These funds are not available for  
9 expenditure until they have been transferred to another line item  
10 in this act under section 393(2) of the management and budget act,  
11 1984 PA 431, MCL 18.1393.

12 (3) In addition to the funds appropriated in part 1, there is  
13 appropriated an amount not to exceed \$200,000.00 for local  
14 contingency funds. These funds are not available for expenditure  
15 until they have been transferred to another line item in this act  
16 under section 393(2) of the management and budget act, 1984 PA 431,  
17 MCL 18.1393.

18 (4) In addition to the funds appropriated in part 1, there is  
19 appropriated an amount not to exceed \$200,000.00 for private  
20 contingency funds. These funds are not available for expenditure  
21 until they have been transferred to another line item in this act  
22 under section 393(2) of the management and budget act, 1984 PA 431,  
23 MCL 18.1393.

24 Sec. 228. Unless prohibited by law, the department may accept  
25 credit card or other electronic means of payment for licenses,  
26 fees, or permits.

27 Sec. 229. The department shall maintain, on a publicly

1 accessible website, a department scorecard that identifies, tracks,  
2 and regularly updates key metrics that are used to monitor and  
3 improve the department's performance.

4 Sec. 231. The department shall cooperate with the department  
5 of technology, management, and budget to maintain a searchable  
6 website accessible by the public at no cost that includes, but is  
7 not limited to, all of the following for each department or agency:

8 (a) Fiscal year-to-date expenditures by category.

9 (b) Fiscal year-to-date expenditures by appropriation unit.

10 (c) Fiscal year-to-date payments to a selected vendor,  
11 including the vendor name, payment date, payment amount, and  
12 payment description.

13 (d) The number of active department employees by job  
14 classification.

15 (e) Job specifications and wage rates.

16 Sec. 232. The department shall not develop or produce any  
17 television or radio productions.

18 Sec. 234. Within 14 days after the release of the executive  
19 budget recommendation, the department shall cooperate with the  
20 state budget office to provide the senate and house appropriations  
21 chairs, the senate and house appropriations subcommittees chairs,  
22 and the senate and house fiscal agencies with an annual report on  
23 estimated state restricted fund balances, state restricted fund  
24 projected revenues, and state restricted fund expenditures for the  
25 fiscal years ending September 30, 2013 and September 30, 2014.

26 Sec. 238. No state department or agency shall issue a request  
27 for proposal (RFP) for a contract in excess of \$5,000,000.00,

1 unless the department or agency has first considered issuing a  
2 request for information (RFI) or a request for qualification (RFQ)  
3 relative to that contract to better enable the department or agency  
4 to learn more about the market for the products or services that  
5 are the subject of the future RFP. The department or agency shall  
6 notify the department of technology, management, and budget of the  
7 evaluation process used to determine if an RFI or RFQ was not  
8 necessary prior to issuing the RFP.

9       Sec. 240. (1) It is the intent of the legislature that  
10 departments and agencies receiving appropriations in part 1  
11 properly account for their spending and do not use full-time  
12 equated positions as placeholders for spending in other parts of  
13 their budgets.

14       (2) No later than February 1, the department shall provide a  
15 report to the legislature specifying the number of filled, full-  
16 time equated positions in pay status within each agency receiving  
17 appropriations in part 1 during the immediately preceding fiscal  
18 year. When reporting on the number of filled, full-time equated  
19 positions in pay status, the department shall provide the maximum  
20 number of filled, full-time equated positions in pay status by  
21 appropriation line item in the last pay period of each quarter of  
22 the immediately preceding fiscal year. The report shall also  
23 include a list of all funded, full-time equated positions by  
24 position title.

## 25 **INSURANCE AND FINANCIAL SERVICES REGULATION**

26       Sec. 310. (1) No later than February 1, the department shall

1 submit a report to the subcommittees and the fiscal agencies  
2 providing the following information:

3 (a) The amounts expended, by fund source, by the department to  
4 support the economic development of the insurance or financial  
5 industries during the preceding fiscal year.

6 (b) The number of full-time equated positions utilized by the  
7 department to support the economic development of the insurance or  
8 financial industries during the preceding fiscal year.

9 (c) A detailed plan for ongoing and future departmental  
10 activities to support the economic development of the insurance or  
11 financial industries.

12 (2) For purposes of subsection (1), "economic development"  
13 includes any activities to encourage, promote, or advocate for the  
14 expansion, retention, or attraction of business or nonprofit  
15 entities engaged in or involved with the insurance or financial  
16 industries.

17 Sec. 341. The department shall not promulgate or adopt a rule  
18 more stringent than the applicable federal standard unless  
19 specifically authorized by statute.

20 Sec. 391. In addition to the funds appropriated in part 1, the  
21 funds collected by the office of financial and insurance regulation  
22 in connection with a conservatorship pursuant to section 32 of the  
23 mortgage brokers, lenders, and servicers licensing act, 1987 PA  
24 173, MCL 445.1682, and funds collected by the department from  
25 corporations being liquidated pursuant to the insurance code of  
26 1956, 1956 PA 218, MCL 500.100 to 500.8302, shall be appropriated  
27 for all expenses necessary to provide for the required services.

1 Funds are available for expenditure when they are received by the  
2 department of treasury and shall not lapse to the general fund at  
3 the end of the fiscal year.

4 **AUTISM COVERAGE**

5 Sec. 801. Of the amount appropriated in part 1 for the autism  
6 coverage fund, \$11,000,000.00 is appropriated and may be expended  
7 by the department as provided in the autism coverage reimbursement  
8 act, 2012 PA 101, MCL 550.1831 to 550.1841.

9 Sec. 802. (1) From the funds appropriated in part 1, the  
10 department shall produce a report that contains all of the  
11 following information on the autism coverage program for the fiscal  
12 year ending September 30, 2014:

13 (a) The number of reimbursements for diagnosis or treatment in  
14 each county.

15 (b) The average cost of a diagnosis reimbursement.

16 (c) The average cost of a treatment reimbursement.

17 (2) By September 30, 2014, the department shall provide the  
18 report required under subsection (1) to the house and senate  
19 appropriations committees, the fiscal agencies, and the state  
20 budget director using all available information at that time.

21 PART 2A

22 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

23 FOR FISCAL YEAR 2014-2015

24 **GENERAL SECTIONS**

1       Sec. 1201. It is the intent of the legislature to provide  
2   appropriations for the fiscal year ending on September 30, 2015 for  
3   the line items listed in part 1. The fiscal year 2014-2015  
4   appropriations are anticipated to be the same as those for fiscal  
5   year 2013-2014, except that the line items will be adjusted for  
6   changes in caseload and related costs, federal fund match rates,  
7   economic factors, and available revenue. These adjustments will be  
8   determined after the January 2014 consensus revenue estimating  
9   conference.

10       Sec. 1202. It is the intent of the legislature that the  
11   department identify the amounts for normal retirement costs and  
12   legacy retirement costs for the fiscal year ending on September 30,  
13   2015 for the line items listed in part 1.