

FIRST CONFERENCE REPORT

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

Senate Bill No. 770, entitled

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2015; and to provide for the expenditure of the appropriations.

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 for the fiscal year ending September 30, 2015; and to provide for the expenditure of the appropriations.

Mark C. Jansen

Anthony G. Forlini

Roger Kahn

Al Pscholka

Bert Johnson

Pam Faris

Conferees for the Senate

Conferees for the House

**SUBSTITUTE FOR
SENATE BILL NO. 770**

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2015; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. The amounts listed in this part are appropriated for
4 the department of insurance and financial services, subject to the
5 conditions set forth in part 2, for the fiscal year ending
6 September 30, 2015, from the funds identified in this part. The
7 following is a summary of the appropriations in this part:

8 **DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

9 **APPROPRIATION SUMMARY**

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

1	Full-time equated classified positions.....	337.0	
2	GROSS APPROPRIATION.....		\$ 65,189,700
3	Interdepartmental grant revenues:		
4	Total interdepartmental grants and intradepartmental		
5	transfers		707,600
6	ADJUSTED GROSS APPROPRIATION.....		\$ 64,482,100
7	Federal revenues:		
8	Total federal revenues.....		2,000,000
9	Special revenue funds:		
10	Total other state restricted revenues.....		62,427,100
11	State general fund/general purpose.....		\$ 55,000
12	Sec. 102. DEPARTMENT SERVICES		
13	Full-time equated unclassified positions.....	6.0	
14	Full-time equated classified positions.....	41.0	
15	Unclassified salaries--6.0 FTE positions.....		\$ 717,500
16	Executive director programs--4.0 FTE positions.....		1,011,200
17	Department services--37.0 FTE positions.....		8,241,900
18	Property management.....		628,100
19	Rent.....		258,800
20	Worker's compensation.....		6,200
21	Administrative hearings.....		<u>182,500</u>
22	GROSS APPROPRIATION.....		\$ 11,046,200
23	Appropriated from:		
24	Special revenue funds:		
25	Bank fees.....		1,424,000
26	Consumer finance fees.....		637,200
27	Credit union fees.....		1,168,000

1	Deferred presentment service transaction fees	502,700
2	Insurance bureau fund.....	3,583,800
3	Insurance continuing education fees.....	224,000
4	Insurance licensing and regulation fees.....	2,754,900
5	MBLSLA fund.....	696,600
6	State general fund/general purpose.....	\$ 55,000
7	Sec. 103. INSURANCE AND FINANCIAL SERVICES	
8	REGULATION	
9	Full-time equated classified positions.....	296.0
10	Insurance evaluation--54.0 FTE positions.....	\$ 13,249,700
11	Insurance rates and forms--30.0 FTE positions.....	5,354,600
12	Financial institutions evaluation--131.0 FTE positions	18,869,800
13	Regulatory compliance, market conduct, and licensing--	
14	58.0 FTE positions	10,355,900
15	Consumer services and protection--23.0 FTE positions .	<u>4,045,800</u>
16	GROSS APPROPRIATION.....	\$ 51,875,800
17	Appropriated from:	
18	Interdepartmental grant revenues:	
19	IDG - LARA, for debt management.....	707,600
20	Federal revenues:	
21	Federal revenues.....	2,000,000
22	Special revenue funds:	
23	Bank fees.....	6,754,700
24	Captive insurance regulatory and supervision fund....	279,400
25	Consumer finance fees.....	4,149,500
26	Credit union fees.....	6,296,300
27	Deferred presentment service transaction fees	2,553,500

1	Insurance bureau fund.....	19,122,900
2	Insurance continuing education fees.....	890,800
3	Insurance licensing and regulation fees.....	4,892,800
4	MBLSLA fund.....	4,147,600
5	Multiple employer welfare arrangement.....	80,700
6	State general fund/general purpose.....	\$ 0
7	Sec. 104. INFORMATION TECHNOLOGY	
8	Information technology services and projects.....	\$ <u>2,267,700</u>
9	GROSS APPROPRIATION.....	\$ 2,267,700
10	Appropriated from:	
11	Special revenue funds:	
12	Bank fees.....	255,700
13	Consumer finance fees.....	35,600
14	Credit union fees.....	253,300
15	Deferred presentment service transaction fees.....	114,900
16	Insurance bureau fund.....	734,100
17	Insurance continuing education fees.....	11,400
18	Insurance licensing and regulation fees.....	757,900
19	MBLSLA fund.....	104,800
20	State general fund/general purpose.....	\$ 0

21 PART 2

22 PROVISIONS CONCERNING APPROPRIATIONS

23 FOR FISCAL YEAR 2014-2015

24 **GENERAL SECTIONS**

25 Sec. 201. Pursuant to section 30 of article IX of the state

1 constitution of 1963, total state spending from state resources
2 under part 1 for fiscal year 2014-2015 is \$62,482,100.00 and state
3 spending from state resources to be paid to local units of
4 government for fiscal year 2014-2015 is \$0.00.

5 Sec. 202. The appropriations authorized under this part and
6 part 1 are subject to the management and budget act, 1984 PA 431,
7 MCL 18.1101 to 18.1594.

8 Sec. 203. As used in this part and part 1:

9 (a) "Department" means the department of insurance and
10 financial services.

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

12 (c) "Fiscal agencies" means Michigan house fiscal agency and
13 Michigan senate fiscal agency.

14 (d) "Subcommittees" means all members of the subcommittees of
15 the house and senate appropriations committees with jurisdiction
16 over the budget for the department.

17 Sec. 205. (1) For each new program or program expansion for
18 which funds in excess of \$500,000.00 are appropriated in part 1,
19 the department shall identify specific benchmarks intended to
20 measure the performance or return on taxpayer investment of the
21 program and its associated expenditures. Not later than November 1,
22 2014, the department shall report the proposed benchmarks to the
23 house and senate appropriations subcommittees for that department,
24 the house and senate fiscal agencies, and the state budget
25 director. The department shall provide an update on its progress in
26 achieving those benchmarks at an appropriations subcommittee
27 meeting called for the purpose of discussing benchmarks and their

1 status.

2 (2) It is the intent of the legislature that, beginning with
3 the budget for the fiscal year ending September 30, 2016, any
4 proposal for a new program or an expansion of an existing program
5 in excess of \$500,000.00 initiated by the executive branch or the
6 legislature shall include, as part of the original proposal or
7 budget request, a list of benchmarks intended to measure the
8 performance or return on taxpayer investment of the program or
9 spending increase.

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

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

26 Sec. 210. The director shall take all reasonable steps to
27 ensure businesses in deprived and depressed communities compete for

1 and perform contracts to provide services or supplies, or both. The
2 director shall strongly encourage firms with which the department
3 contracts to subcontract with certified businesses in depressed and
4 deprived communities for services, supplies, or both.

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

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

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

23 Sec. 218. The departments and agencies receiving
24 appropriations in this part and part 1 shall prepare a report on
25 out-of-state travel expenses not later than January 1 of each year.
26 The travel report shall be a listing of all travel by classified
27 and unclassified employees outside this state in the immediately

1 preceding fiscal year that was funded in whole or in part with
2 funds appropriated in the department's budget. The report shall be
3 submitted to the house and senate appropriations committees, the
4 fiscal agencies, and the state budget director. The report shall
5 include the following information:

6 (a) The dates of each travel occurrence.

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

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

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

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

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

24 Sec. 221. Funds appropriated in this part and part 1 shall not
25 be used by a principal executive department, state agency, or
26 authority to hire a person to provide legal services that are the
27 responsibility of the attorney general. This prohibition does not

1 apply to legal services for bonding activities and for those
2 outside services that the attorney general authorizes.

3 Sec. 223. (1) In addition to the funds appropriated in part 1,
4 there is appropriated an amount not to exceed \$1,000,000.00 for
5 federal contingency funds. These funds are not available for
6 expenditure until they have been transferred to another line item
7 in part 1 under section 393(2) of the management and budget act,
8 1984 PA 431, MCL 18.1393.

9 (2) In addition to the funds appropriated in part 1, there is
10 appropriated an amount not to exceed \$5,000,000.00 for state
11 restricted contingency funds. These funds are not available for
12 expenditure until they have been transferred to another line item
13 in part 1 under section 393(2) of the management and budget act,
14 1984 PA 431, MCL 18.1393.

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

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

27 Sec. 228. Unless prohibited by law, the department may accept

1 credit card or other electronic means of payment for licenses,
2 fees, or permits.

3 Sec. 229. The department shall maintain, on a publicly
4 accessible website, a department scorecard that identifies, tracks,
5 and regularly updates key metrics that are used to monitor and
6 improve the department's performance.

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

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

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

13 (c) Fiscal year-to-date payments to a selected vendor,
14 including the vendor name, payment date, payment amount, and
15 payment description.

16 (d) The number of active department employees by job
17 classification.

18 (e) Job specifications and wage rates.

19 Sec. 232. The department shall not develop or produce any
20 television or radio productions.

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

1 September 30, 2015.

2 Sec. 235. Total authorized appropriations from all sources
3 under this part and part 1 for legacy costs for the fiscal year
4 ending September 30, 2015 is \$10,148,200.00. From this amount,
5 total agency appropriations for pension-related legacy costs are
6 estimated at \$5,627,200.00. Total agency appropriations for retiree
7 health care legacy costs are estimated at \$4,521,000.00.

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

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

26 Sec. 245. The department, in conjunction with the department
27 of community health, shall establish an accounting structure within

1 the Michigan administrative information network that will allow
2 expenditures associated with the administration of the Healthy
3 Michigan plan to be identified. By October 1, 2014, the department
4 shall provide the state budget office and the fiscal agencies with
5 the relevant accounting structure and associated business objects
6 script and report that groups administrative costs.

7 Sec. 246. (1) The amount appropriated from the general fund in
8 part 1 for executive director program may only be expended to
9 comply with reporting requirements regarding the Healthy Michigan
10 plan pursuant to section 105d(9) of the social welfare act, 1939 PA
11 280, MCL 400.105d.

12 (2) Prior to expending the amount described in subsection (1),
13 the department shall acquire at least 2 bids for the project.

14 **INSURANCE AND FINANCIAL SERVICES REGULATION**

15 Sec. 310. (1) No later than February 1, the department shall
16 submit a report to the subcommittees and the fiscal agencies
17 providing the following information:

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

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

24 (c) A detailed, 2-year plan for departmental activities to
25 support the economic development of the insurance or financial
26 industries.

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

6 Sec. 391. In addition to the funds appropriated in part 1, the
7 funds collected by the department in connection with a
8 conservatorship pursuant to section 32 of the mortgage brokers,
9 lenders, and servicers licensing act, 1987 PA 173, MCL 445.1682,
10 and funds collected by the department from corporations being
11 liquidated pursuant to the insurance code of 1956, 1956 PA 218, MCL
12 500.100 to 500.8302, shall be appropriated for all expenses
13 necessary to provide for the required services. Funds are available
14 for expenditure when they are received by the department of
15 treasury and shall not lapse to the general fund at the end of the
16 fiscal year.

17 **AUTISM COVERAGE**

18 Sec. 802. (1) Each fiscal year, if expenditures are made from
19 the autism coverage fund, created by section 7 of the autism
20 coverage reimbursement act, 2012 PA 101, MCL 550.1837, the
21 department shall produce a report that contains all of the
22 following information on the autism coverage reimbursement program,
23 established by section 5 of the autism coverage reimbursement act,
24 2012 PA 101, MCL 550.1835, for the fiscal year:

25 (a) The total number of claims for reimbursement approved and
26 the number approved within each county, based on the provider's

1 location.

2 (b) The total amount expended from the autism coverage fund
3 for reimbursements and the amount for each carrier receiving
4 reimbursement.

5 (c) The average age of patients receiving diagnosis or
6 treatment for which claims for reimbursement are approved.

7 (2) By October 31 following the end of the fiscal year, the
8 department shall provide the report required under subsection (1)
9 to the subcommittees, the fiscal agencies, and the state budget
10 director.