

**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  
2  
3  
4  
5  
6  
7  
8  
9

PART 1

LINE-ITEM APPROPRIATIONS

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 part 2, for the fiscal year ending September 30, 2015, 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

1	Full-time equated unclassified positions.....	6.0	
2	Full-time equated classified positions.....	337.0	
3	GROSS APPROPRIATION.....		\$ 65,134,800
4	Interdepartmental grant revenues:		
5	Total interdepartmental grants and intradepartmental		
6	transfers .....		707,600
7	ADJUSTED GROSS APPROPRIATION.....		\$ 64,427,200
8	Federal revenues:		
9	Total federal revenues.....		2,000,000
10	Special revenue funds:		
11	Total other state restricted revenues.....		62,427,100
12	State general fund/general purpose.....		\$ 100
13	State general fund/general purpose schedule:		
14	Ongoing state general fund/general		
15	purpose .....	100	
16	One-time state general fund/general		
17	purpose .....	0	
18	<b>Sec. 102. DEPARTMENT SERVICES</b>		
19	Full-time equated unclassified positions.....	6.0	
20	Full-time equated classified positions.....	41.0	
21	Department services--37.0 FTE positions.....		\$ 8,241,900
22	Unclassified--6.0 FTE positions.....		717,500
23	Executive director programs--4.0 FTE positions .....		956,300
24	Property management.....		628,100
25	Rent.....		258,800
26	Worker's compensation.....		6,200
27	Administrative hearings.....		<u>182,500</u>

1	GROSS APPROPRIATION.....	\$	10,991,300
2	Appropriated from:		
3	Special revenue funds:		
4	Bank fees.....		1,424,000
5	Consumer finance fees.....		637,200
6	Credit union fees.....		1,168,000
7	Deferred presentment service transaction fees.....		502,700
8	Insurance bureau fund.....		3,583,800
9	Insurance continuing education fees.....		224,000
10	Insurance licensing and regulation fees.....		2,754,900
11	MBLSLA fund.....		696,600
12	State general fund/general purpose.....	\$	100
13	<b>Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION</b>		
14	Full-time equated classified positions.....	296.0	
15	Insurance evaluation--54.0 FTE positions.....	\$	13,249,700
16	Insurance rates and forms--30.0 FTE positions.....		5,354,600
17	Financial institutions evaluation--131.0 FTE positions		18,869,800
18	Regulatory compliance, market conduct, and		
19	licensing--58.0 FTE positions.....		10,355,900
20	Consumer services and protection--23.0 FTE positions .		<u>4,045,800</u>
21	GROSS APPROPRIATION.....	\$	51,875,800
22	Appropriated from:		
23	Interdepartmental grant revenues:		
24	IDG - LARA, for debt management.....		707,600
25	Federal revenue:		
26	Federal revenues.....		2,000,000
27	Special revenue funds:		

1	Bank fees.....	6,754,700
2	Captive insurance regulatory and supervision fund....	279,400
3	Consumer finance fees.....	4,149,500
4	Credit union fees.....	6,296,300
5	Deferred presentment service transaction fees.....	2,553,500
6	Insurance bureau fund.....	19,122,900
7	Insurance continuing education fees.....	890,800
8	Insurance licensing and regulation fees.....	4,892,800
9	MBLSLA fund.....	4,147,600
10	Multiple employer welfare arrangement.....	80,700
11	State general fund/general purpose.....	\$ 0
12	<b>Sec. 104. INFORMATION TECHNOLOGY</b>	
13	Information technology services and projects.....	\$ <u>2,267,700</u>
14	GROSS APPROPRIATION.....	\$ 2,267,700
15	Appropriated from:	
16	Special revenue funds:	
17	Bank fees.....	255,700
18	Consumer finance fees.....	35,600
19	Credit union fees.....	253,300
20	Deferred presentment service transaction fees.....	114,900
21	Insurance bureau fund.....	734,100
22	Insurance continuing education fees.....	11,400
23	Insurance licensing and regulation fees.....	757,900
24	MBLSLA fund.....	104,800
25	State general fund/general purpose.....	\$ 0

## GENERAL SECTIONS

1       Sec. 209. Funds appropriated in part 1 shall not be used for  
2 the purchase of foreign goods or services, or both, if  
3 competitively priced and of comparable quality American goods or  
4 services, or both, are available. Preference shall be given to  
5 goods or services, or both, manufactured or provided by Michigan  
6 businesses, if they are competitively priced and of comparable  
7 quality. In addition, preference shall be given to goods or  
8 services, or both, that are manufactured or provided by Michigan  
9 businesses owned and operated by veterans, if they are  
10 competitively priced and of comparable quality.

11       Sec. 210. The director shall take all reasonable steps to  
12 ensure businesses in deprived and depressed communities compete for  
13 and perform contracts to provide services or supplies, or both. The  
14 director shall strongly encourage firms with which the department  
15 contracts to subcontract with certified businesses in depressed and  
16 deprived communities for services, supplies, or both.

17       Sec. 212. The department and agencies receiving appropriations  
18 in part 1 shall receive and retain copies of all reports funded  
19 from appropriations in part 1. Federal and state guidelines for  
20 short-term and long-term retention of records shall be followed.  
21 The department may electronically retain copies or reports unless  
22 otherwise required by federal and state guidelines.

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

26       Sec. 216. Not later than November 30, the state budget office  
27 shall prepare and transmit a report that provides for estimates of

1 the total general fund/general purpose appropriation lapses at the  
2 close of the prior fiscal year. This report shall summarize the  
3 projected year-end general fund/general purpose appropriation  
4 lapses by major departmental program or program areas. The report  
5 shall be transmitted to the state budget office, the chairpersons  
6 of the senate and house appropriations committees, and the fiscal  
7 agencies.

8       Sec. 218. The departments and agencies receiving  
9 appropriations in part 1 shall prepare a report on out-of-state  
10 travel expenses not later than January 1 of each year. The travel  
11 report shall be a listing of all travel by classified and  
12 unclassified employees outside this state in the immediately  
13 preceding fiscal year that was funded in whole or in part with  
14 funds appropriated in the department's budget. The report shall be  
15 submitted to the house and senate appropriations committees, the  
16 fiscal agencies, and the state budget director. The report shall  
17 include the following information:

18       (a) The dates of each travel occurrence.

19       (b) The total transportation and related costs of each travel  
20 occurrence, including the proportion funded with state general  
21 fund/general purpose revenues, the proportion funded with state  
22 restricted revenues, the proportion funded with federal revenues,  
23 and the proportion funded with other revenues.

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

27       (a) The amount, in square footage, of office space paid for

1 with the appropriation in part 1 for both state-owned and leased  
2 office space, respectively, during the previous fiscal year.

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

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

8 Sec. 221. Funds appropriated in part 1 shall not be used by a  
9 principal executive department, state agency, or authority to hire  
10 a person to provide legal services that are the responsibility of  
11 the attorney general. This prohibition does not apply to legal  
12 services for bonding activities and for those outside services that  
13 the attorney general authorizes.

14 Sec. 223. (1) In addition to the funds appropriated in part 1,  
15 there is appropriated an amount not to exceed \$1,000,000.00 for  
16 federal contingency funds. These funds are not available for  
17 expenditure until they have been transferred to another line item  
18 in part 1 under section 393(2) of the management and budget act,  
19 1984 PA 431, MCL 18.1393.

20 (2) In addition to the funds appropriated in part 1, there is  
21 appropriated an amount not to exceed \$5,000,000.00 for state  
22 restricted contingency funds. These funds are not available for  
23 expenditure until they have been transferred to another line item  
24 in part 1 under section 393(2) of the management and budget act,  
25 1984 PA 431, MCL 18.1393.

26 (3) In addition to the funds appropriated in part 1, there is  
27 appropriated an amount not to exceed \$200,000.00 for local

1 contingency funds. These funds are not available for expenditure  
2 until they have been transferred to another line item in part 1  
3 under section 393(2) of the management and budget act, 1984 PA 431,  
4 MCL 18.1393.

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

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

14 Sec. 229. The department shall maintain, on a publicly  
15 accessible website, a department scorecard that identifies, tracks,  
16 and regularly updates key metrics that are used to monitor and  
17 improve the department's performance.

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

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

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

24 (c) Fiscal year-to-date payments to a selected vendor,  
25 including the vendor name, payment date, payment amount, and  
26 payment description.

27 (d) The number of active department employees by job

1 classification.

2 (e) Job specifications and wage rates.

3 Sec. 232. The department shall not develop or produce any  
4 television or radio productions.

5 Sec. 234. Within 14 days after the release of the executive  
6 budget recommendation, the department shall cooperate with the  
7 state budget office to provide the senate and house appropriations  
8 chairs, the subcommittees chairs, and the fiscal agencies with an  
9 annual report on estimated state restricted fund balances, state  
10 restricted fund projected revenues, and state restricted fund  
11 expenditures for the fiscal years ending September 30, 2014 and  
12 September 30, 2015.

13 Sec. 235. Total authorized appropriations from all sources  
14 under part 1 for legacy costs for the fiscal year ending September  
15 30, 2015 are \$10,148,200.00. From this amount, total agency  
16 appropriations for pension-related legacy costs are estimated at  
17 \$5,627,200.00. Total agency appropriations for retiree health care  
18 legacy costs are estimated at \$4,521,000.00.

19 Sec. 240. (1) It is the intent of the legislature that  
20 departments and agencies receiving appropriations in part 1  
21 properly account for their spending and do not use full-time  
22 equated positions as placeholders for spending in other parts of  
23 their budgets.

24 (2) No later than February 1, the department shall provide a  
25 report to the legislature specifying the number of filled, full-  
26 time equated positions in pay status within each agency receiving  
27 appropriations in part 1 during the immediately preceding fiscal

1 year. When reporting on the number of filled, full-time equated  
2 positions in pay status, the department shall provide the maximum  
3 number of filled, full-time equated positions in pay status by  
4 appropriation line item in the last pay period of each quarter of  
5 the immediately preceding fiscal year. The report shall also  
6 include a list of all funded, full-time equated positions by  
7 position title. The report shall indicate which full-time equated  
8 positions are allocated to economic development and economic  
9 development planning.

10 **INSURANCE AND FINANCIAL SERVICES REGULATION**

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

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

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

20 (c) A detailed, 2-year plan for departmental activities to  
21 support the economic development of the insurance and financial  
22 industries.

23 (2) For purposes of subsection (1), "economic development"  
24 includes any activities to encourage, promote, or advocate for the  
25 expansion, retention, or attraction of business or nonprofit  
26 entities engaged in or involved with the insurance or financial

1 industries.

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

13 **AUTISM COVERAGE**

14       Sec. 802. (1) From the funds appropriated in part 1, the  
15 department shall produce a report that contains all of the  
16 following information on the autism coverage program for the fiscal  
17 year ending September 30, 2015:

18       (a) The number of reimbursements for diagnosis or treatment in  
19 each county.

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

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

22       (2) By October 30, 2015, the department shall provide the  
23 report required under subsection (1) to the house and senate  
24 appropriations committees, the fiscal agencies, and the state  
25 budget director using all available information at that time.