



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

BILL



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 127 (S-1, Draft 1 as reported)
Committee: Appropriations

Throughout this document Senate means Subcommittee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 SENATE SUBCOMM.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,820.3	2,820.3	0.0	0.0
GROSS	542,588,200	540,825,800	(1,762,400)	(0.3)
Less:				
Interdepartmental Grants Received	14,509,800	15,754,900	1,245,100	8.6
ADJUSTED GROSS.....	528,078,400	525,070,900	(3,007,500)	(0.6)
Less:				
Federal Funds.....	200,624,800	200,388,700	(236,100)	(0.1)
Local and Private	968,300	990,300	22,000	2.3
TOTAL STATE SPENDING.....	326,485,300	323,691,900	(2,793,400)	(0.9)
Less:				
Other State Restricted Funds.....	286,351,500	299,468,500	13,117,000	4.6
GENERAL FUND/GENERAL PURPOSE.....	40,133,800	24,223,400	(15,910,400)	(39.6)
PAYMENTS TO LOCALS	28,225,700	28,225,700	0	0

FY 2014-15 Year-to-Date Gross Appropriation	\$542,588,200
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Changes from FY 2014-15 Year-to-Date:

1. **Career Technology and Skilled Trades Initiative.** The Governor recommended a new State-wide initiative intended to increase technical and skilled trades education and training opportunities. LARA's portion of the initiative would be funded primarily from penalties and interest collected by the Unemployment Insurance Agency. The program would provide skilled trades training, an at-risk youth program, funding for Michigan Advanced Technical Training, re-employment opportunities, and support for new Americans. The Senate included this new program 15,600,000
2. **Eliminate Fee Sunsets.** The Governor and Senate's respective budgets are predicated on the delay or elimination or delay of sunsets on 49 fees collected throughout the department. In total these fees generate about \$17.5 million annually. 0
3. **Retail Liquor License Fee Increase.** The Governor proposed increases to the fees paid for retail liquor licenses. The proposal would increase fees by 50% for three years, and then reduce that increase by half afterward. For example, a fee that is currently \$600 would be increased to \$900 for three years, and then be reduced to \$750 in subsequent years. The Department has indicated that in the last several years fund balances that had sustained the Liquor Control Commission for a number of years have been spent. The Senate did not assume an increase in these fees. 0
4. **Michigan Liquor Control Commission (MLCC) Licensing and Enforcement.** The Senate included an additional \$900,000 from the Liquor Purchase Revolving Fund (LPRF) to address a deficit in funding for MLCC licensing and enforcement. 900,000

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5. Health Care Facility Inspection Fee Increase. The Governor proposed a general increase on inspection fees for health care facilities as well as a move to a triennial inspection schedule. In total the increase would raise about \$1.3 million each year, but as these fees have been over-appropriated in the current and prior year budgets, no increase in appropriations would be necessary. The Senate included these fee increases as part of the LARA budget.	0
6. Information Technology. The Governor and Senate removed \$2.1 million to reflect the end of support for the Michigan Business One-Stop, but partially offset this reduction with a \$1.8 million increase in Information Technology to reflect ongoing upgrades to the Licensing and Corporation Database.	(327,900)
7. Bureau of Health Care Systems GF/GP Reduction. The Governor and Senate reduced GF/GP appropriations for the Bureau. It is anticipated that this reduction would result in no programmatic changes as savings will be realized via lapses, holding positions vacant, or other savings measures. The Governor's budget contains a total of \$64.1 million for the Bureau.	(200,000)
8. Fund Shifts. The Governor and Senate included two fund shifts: The first would remove \$112,500 in GF/GP from the Workers' Compensation Agency and replace it with Corporations Fees. The second shift would remove \$900,000 (half Federal and half GF/GP) from the Michigan Administrative Hearing System and replace it with an interdepartmental grant from the Department of Community Health.	0
9. Information Technology Fund Shift. The Senate included a fund shift in the Information Technology Services and Projects line by reducing LPRF appropriations by \$900,000 and replacing them with Corporation Fees.	0
10. Remove FY 2014-15 One-Time Appropriations.	(15,700,000)
11. Technical Adjustments. The Governor and Senate recommended making a number of technical adjustments throughout the LARA budget. These adjustments include: \$407,200 in increased interdepartmental grant appropriations for the Michigan Administrative Hearing System, a \$69,300 increase to reflect the elimination of the METRO Authority under the recent personal property tax reforms, and a \$200,000 reduction to Utility Consumer Representation Grants to reflect available revenue.	276,500
12. Remove Video Franchise Assessments. The Senate removed appropriations from this fund which are currently used to fund the Public Service Commission. The fees will sunset at the end of the calendar year and were not included in the Governor's recommendation for fee sunset extension.	(417,200)
13. Economic Adjustments. Includes a negative \$3,093,800 Gross and a negative \$74,500 GF/GP for OPEB and \$1,200,000 Gross and \$26,600 GF/GP for other economic adjustments.	(1,893,800)
14. Comparison to Governor's Recommendation. The Senate is \$4,780,100 Gross and \$0 GF/GP under the Governor.	
Total Changes	(\$1,762,400)
FY 2015-16 Senate Appropriations Subcommittee Gross Appropriation	\$540,825,800

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **New Program Benchmarks.** The Governor removed a section requiring any new or expanded programs over \$500,000 to have identified metrics. The Senate included a revised version of this section. (Sec. 205)
2. **Liquor Control Commission IT Work Project.** The Governor and Senate removed a section identifying appropriations for Liquor Control Commission IT Upgrades as a work project. (Sec. 211)
3. **Report Retention.** The Governor removed and Senate retained language requiring that report retention guidelines be followed. (Sec. 212)

4. **Communication with the Legislature.** The Governor removed and Senate retained a prohibition on taking disciplinary action against employees who communicate with the Legislature. (Sec. 215)
5. **Office Space Report.** The Governor removed and Senate retained a report on the utilization of office space. (Sec. 219)
6. **FTEs as Spending Placeholders.** The Governor removed and Senate retained a section prohibiting the use of FTEs as spending placeholders. The section also required a report on the number of FTEs in the Department. (Sec. 240)
7. **Special Event Fee Report.** The Governor removed and Senate retained a report requirement for revenues the Department receives from holding trainings and other special events. (Sec. 241(5))
8. **Reinventing Performance in Michigan (RPM) Costs.** The Governor removed and Senate retained a section requiring the Department to work with other agencies participating in the RPM program to help cover the Department's costs. (Sec. 243)
9. **Healthy Michigan Plan Accounting.** The Governor removed and Senate retained 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)
10. **Licensing and Regulatory Program Report.** The Governor removed a section requiring a detailed activity report on most of the Department's programs. The Senate retained this report and expanded it to include a summary section. (Sec. 248)
11. **Prefund OPEB.** The Governor removed and Senate retained a statement of intent that OPEB costs continue to be prefunded. (Sec. 250)
12. **Department Revenue and Expenditure Report.** The Senate included a new section requiring a detailed report on revenues and expenditures for the Department in the prior fiscal year. (Sec. 251)
13. **Employee Performance Monitoring Process.** The Senate included a new section requiring the Department to establish a performance monitoring process that is consistent throughout the Department. The section also requires a report on this process. (Sec. 252)
14. **Homeowner Construction Lien Fund Appropriation.** The Governor removed and Senate retained a report on the remaining balance in this fund. (Sec. 505[2])
15. **Nursing Facility Complaint Report.** The Governor removed and Senate retained a report on the number of complaints, investigations, and frequently-cited deficiencies at nursing facilities. (Sec. 506)
16. **Medical Marijuana Program Report.** The Governor modified a report requirement containing various metrics related to the Medical Marijuana Program. The revised section does not specify particular metrics. The Senate retained the original language. (Sec. 507)
17. **Bureau of Health Care Services.** The Governor removed and Senate retained a report on facilities regulated by the Bureau. (Sec. 509)
18. **Freestanding Surgical Outpatient Facilities.** The Governor removed and Senate retained the earmark of \$530,000 for the inspection and licensing of these facilities. (Sec. 510)
19. **Health Professional Disciplinary Actions.** The Governor removed a requirement that disciplinary actions be posted on the online license verification website, and that \$200,000 be allocated for this purpose. The Senate retained the requirement but removed the earmark. (Sec. 512)
20. **Unemployment Insurance Agency (UIA) Integrated System Project Report.** The Governor removed and Senate retained a section requiring quarterly status reports on this IT project. (Sec. 702)
21. **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. (Sec. 703)
22. **BSBP Matching Funds.** The Governor removed and Senate retained a requirement that the Bureau of Services for Blind Persons work collaboratively to maximize available Federal matching dollars. (Sec. 705)
23. **Tax Tribunal Report.** The Governor removed and Senate retained a report on the activities of the Tax Tribunal. (Sec. 801)

24. **Unemployment Insurance Agency Metrics.** The Governor included a new section requiring that increased funds for the UIA be used for maintaining customer service standards, and that metrics be identified to measure the success of those efforts. The Senate included this section. (Sec. 904.)
25. **Career Technology and Skilled Trades Initiative Metrics.** The Governor included a new section requiring that funds for this program be used to expand workforce training and re-employment services, and that metrics be identified to measure the success of the program. The Senate retained this section. (Sec. 905)

Date Completed: 3-26-15

Fiscal Analyst: Josh Sefton