



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

 BILL ANALYSIS

Telephone: (517) 373-2768
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Senate Bill 855 (S-1 as reported)
Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 SEN. FULL COMM.	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	8,541.7	8,831.7	290.0	3.4
GROSS	5,060,129,400	5,017,645,200	(42,484,200)	(0.8)
Less:				
Interdepartmental Grants Received	782,493,800	821,066,200	38,572,400	4.9
ADJUSTED GROSS	4,277,635,600	4,196,579,000	(81,056,600)	(1.9)
Less:				
Federal Funds	807,906,500	808,698,700	792,200	0.1
Local and Private	23,577,600	22,224,700	(1,352,900)	(5.7)
TOTAL STATE SPENDING	3,446,151,500	3,365,655,600	(80,495,900)	(2.3)
Less:				
Other State Restricted Funds	2,195,421,900	2,263,775,600	68,353,700	3.1
GENERAL FUND/GENERAL PURPOSE	1,250,729,600	1,101,880,000	(148,849,600)	(11.9)
PAYMENTS TO LOCALS	1,486,337,500	1,561,066,500	74,729,000	5.0

*As of February 7, 2018.

See Individual Highlight Sheet for Department Detail

Boilerplate Changes from FY 2017-18 Year-to-Date:

1. **Travel Reporting.** The **Governor** removed chairperson of the relevant appropriations subcommittees from recipients of the travel report. The **Senate** maintained the current language. (Sec. 207)
2. **Budget Stabilization Fund.** The **Governor** removed the \$150.0 million deposit into the BSF, recommended the deposit of 25% of the FY 2017-18 GF/GP book-closing unassigned ending balance, did not provide an estimate of that amount. The **Senate** concurred with the Governor's modification and added an additional subsection that requires that an additional 25% of the 2017-18 booking-closing unassigned ending balance be distributed in the following manner: 7.5% to county road repair, 7.5% to city and village road repair, 3.33% to airport improvement, 3.33% to railroad infrastructure improvement, and 3.33% to the waterway economic vitality fund for dredging around harbors. (Sec. 210)
3. **Transparency Report.** The **Governor** removed the requirement that each department update web pages quarterly. The **Senate** maintained the current language. (Sec. 211)
4. **Retention of Reports.** The **Governor** deleted and **Senate** retained the requirement that all departments and agencies retain all reports funded from appropriations in Part 1. (Sec. 216)
5. **General Fund Restrictions.** The **Governor** and **Senate** deleted the prohibition on departments using General Fund appropriations where Federal and Private Funds are available for the same purpose. (Sec. 217)
6. **Communications with Legislators.** The **Governor** deleted and **Senate** retained the prohibition of departments taking disciplinary action against employees communicating with Legislators or their staff. (Sec. 218)
7. **Policy Change Reporting Requirement.** The **Governor** deleted and **Senate** retained a report due April 1 that requires each department to specify policy changes made in order to implement enacted legislation. (Sec. 221)
8. **Auditor General.** The **Governor** deleted and **Senate** retained the requirement that departments report within six months after an audit with the implementation of any identified initiatives related to savings and efficiencies found by the Auditor General and required the auditor general to conduct another audit on any noncompliant departments and charge the corresponding department for the cost of performing another audit. (Sec. 229)
9. **Contingency Plan for Federal Reductions.** The **Governor** deleted and **Senate** retained deleted the requirement that the budget director report contingency plan recommendations in the event Federal funding sources that are more than \$10.0 million are reduced by 10% or greater. (Sec. 235)
10. **Return on Taxpayer Investment.** The **Governor** deleted and **Senate** retained the requirement that the budget director identify new programs and enhancements with program-specific metrics and a follow-up report on the progress made on meeting those metrics for the identified programs and enhancements. (Sec. 240)
11. **Technical Modification.** The **Governor** and **Senate** made a number of technical adjustments such as revised dates, spending totals, and definitions. (Secs. 201, 203, 212, and 240)

Date Completed: 4-26-18

Fiscal Analyst: Cory Savino
Joe Carrasco
Ryan Bergan



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			AMOUNT	PERCENT
FTE Positions	530.0	530.0	0.0	0.0
GROSS	101,798,800	102,828,900	1,030,100	1.0
Less:				
Interdepartmental Grants Received	29,915,300	30,386,400	471,100	1.6
ADJUSTED GROSS	71,883,500	72,442,500	559,000	0.8
Less:				
Federal Funds	9,518,000	9,628,500	110,500	1.2
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	62,365,500	62,814,000	448,500	0.7
Less:				
Other State Restricted Funds	22,116,900	22,607,200	490,300	2.2
GENERAL FUND/GENERAL PURPOSE	40,248,600	40,206,800	(41,800)	(0.1)
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$101,798,800
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Changes from FY 2017-18 Year-to-Date:

- FY 2017-18 Supplemental Funding.** The Governor and Senate did not include supplemental funding added in FY 2017-18 by Public Act 158 of 2017 that provided \$600,000 in restricted funding from the Lawsuit Settlement Proceeds Fund for costs associated with Flint Water Crisis investigations and prosecutions. (600,000)
- Removal of FY 2017-18 One-Time Items.** The Governor and Senate did not include one-time funding for FY 2017-18 totaling \$1.3 million; \$700,000 for the Prosecuting Attorneys Coordinating Council (PACC) for costs associated with juvenile life without parole cases; and \$600,000 for the PACC to replace their NextGen case management system. (1,300,000)
- Attorney General Special Counsel for Flint Investigation.** Governor and Senate increased funding by \$600,000 in restricted funds to maintain the full \$2.6 million authorization for the expenditure of Lawsuit Settlement Proceeds Funds. These funds are used for costs associated with the special counsel and the Flint investigations. The authorization was reduced in the FY 2017-18 budget and later brought whole via a supplemental appropriation. 600,000
- Marihuana Regulatory Fund.** The Governor and Senate provided funding for the first full year of operations related to the regulation of medical marihuana and marihuana dispensaries. 126,700
- One-Time Funding. Senate:** Added one-time funding for two items totaling \$800,000 Gross; \$100,000 GF/GP. A total of \$700,000 in restricted funding is included for the Prosecuting Attorneys Coordinating Council (PACC) for costs associated with juvenile life without parole cases and a total of \$100,000 GF/GP is included for the PACC to provide additional forensic interviewing trainings. 800,000

6. **Economic Adjustments.** Includes \$1,403,400 Gross and \$558,200 GF/GP for total economic adjustments, of which an estimated \$28,400 Gross and \$1,500 GF/GP is for legacy retirement costs (pension and retiree health). 1,403,400
7. **Comparison to Governor's Recommendation.** The Senate is \$800,000 Gross and \$100,000 GF/GP over the Governor.

Total Changes	\$1,030,100
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FY 2018-19 Senate Appropriations Committee Gross Appropriation	\$102,828,900
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Boilerplate Changes from FY 2017-18 Year-to-Date:

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2017-18 general sections that applied to all General Government budgets to the Article for the Department of Attorney General. Changes to those items can be found in the highlight sheet for the **General Sections. Senate:** Retained current law structure for the general sections.
2. **Drug Investigation and Prosecution Unit.** Language requires the attorney general to use funds appropriated in Part 1 to maintain a minimum of 24 drug investigations and to prosecute when sufficient evidence is obtained. **Governor:** Deleted section. **Senate:** Concurred with Governor. (Current Law Sec. 301a)
3. **Lawsuit Proceeds for Drinking Water Contamination.** Language allows the Department to use up to \$2.0 million of lawsuit settlement proceeds to pay for costs and associated expenses related to the declaration of emergency due to drinking water contamination. **Governor:** Increase allowable use amount to \$2.6 million. **Senate:** Concurred with Governor. (Sec. 314)
4. **Juvenile Life without Parole.** Language states that the \$700,000 appropriated in Part 1 is to be used for investigations, crime victim rights, prosecutions and appeals for retroactive juvenile life without parole cases. Also requires a report to be submitted by September 30. **Governor:** Deleted section. **Senate:** Retained section and added language stating that the funding will come from the Lawsuit Settlement Proceeds Fund. (Sec. 314a)
5. **Legacy Cost Estimates.** Total legacy costs are estimated at \$17,281,300. Of the total, pension-related legacy costs are estimated at \$8,893,100 and retiree health care legacy costs are estimated at \$8,388,200 for fiscal year ending September 30, 2018. **Governor:** Provided the following Legacy Costs estimates for FY 2019: Total legacy costs estimated at \$18,049,500. Of that total, \$8,321,100 are for pension-related legacy costs and \$9,728,400 are for retiree health care legacy costs for the fiscal year ending September 30, 2019. **Senate:** Concurred with Governor. (Sec. 315)
6. **NEW. Forensic Interviewing. Senate:** Added new language requiring the one-time funding provided in part 1 to be used to provide additional forensic interviewing training sessions in order to meet demand. (**NEW** Sec. 318)
7. **NEW. Wrongful Imprisonment Compensation Fund. Senate:** Added new language requiring a quarterly report listing all payments made from the fund, the known pending cases requiring a payment in the next quarter, and the fund balance at the end of each reported quarter. (**NEW** Sec. 319)

Date Completed: 4-26-18

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			AMOUNT	PERCENT
FTE Positions	110.0	110.0	0.0	0.0
GROSS	16,249,600	16,201,100	(48,500)	(0.3)
Less:				
Interdepartmental Grants Received	296,600	299,100	2,500	0.8
ADJUSTED GROSS	15,953,000	15,902,000	(51,000)	(0.3)
Less:				
Federal Funds	2,775,800	2,802,700	26,900	1.0
Local and Private	18,700	18,700	0	0.0
TOTAL STATE SPENDING	13,158,500	13,080,600	(77,900)	(0.6)
Less:				
Other State Restricted Funds	151,900	58,500	(93,400)	(61.5)
GENERAL FUND/GENERAL PURPOSE	13,006,600	13,022,100	15,500	0.1
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$16,249,600
Changes from FY 2017-18 Year-to-Date:	
1. Removal of FY 2017-18 One-Time Items. The Governor and Senate did not include one-time funding for FY 2017-18 totaling \$150,000 for a needs assessment of the deaf, deaf/blind, and hard of hearing community.	(150,000)
2. Transfer of Deafness Fund to Department of Licensing and Regulatory Affairs. Governor and Senate transfer funding to DLARA to account for the fees actually collected by DLARA for certifying deaf interpreters.	(93,400)
3. Economic Adjustments. Includes \$194,900 Gross and \$165,500 GF/GP for total economic adjustments, of which an estimated negative \$137,600 Gross and a negative \$112,700 GF/GP is for legacy retirement costs (pension and retiree health).	194,900
4. Comparison to Governor's Recommendation. The Senate is \$0 Gross and \$0 GF/GP over/under the Governor.	
Total Changes	(\$48,500)
FY 2018-19 Senate Appropriations Committee Gross Appropriation	\$16,201,100

Boilerplate Changes from FY 2017-18 Year-to-Date:

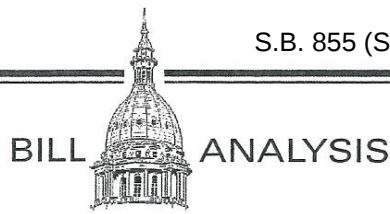
1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2017-18 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. Changes to those items can be found in the highlight sheet for the **General Sections. Senate:** Retained current law structure for the general sections.
2. **Deaf, Deaf/Blind, and Hard of Hearing Needs Assessment.** The funds appropriated in Part 1 for deaf, deaf/blind, and hard of hearing needs assessment may be used by the Department of Civil Rights to survey the deaf, deaf/blind, and hard of hearing community in the state to identify the size of this population so as to provide services to this population of citizens including education, employment, and healthcare. **Governor:** Deletes section. **Senate:** Concurred with Governor. (Current Law Sec. 406)
3. **Legacy Cost Estimates.** Total legacy costs are estimated at \$2,695,600. Of the total, pension-related legacy costs are estimated at \$1,387,200 and retiree health care legacy costs are estimated at \$1,308,400 for fiscal year ending September 30, 2018. **Governor:** Provided the following Legacy Costs estimates for FY 2019: Total legacy costs estimated at \$2,558,000. Of that total, \$1,179,300 are for pension-related legacy costs and \$1,378,700 are for retiree health care legacy costs for the fiscal year ending September 30, 2019. **Senate:** Concurred with Governor. (Sec. 410)

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			AMOUNT	PERCENT
FTE Positions	79.2	79.2	0.0	0.0
GROSS	6,848,500	6,980,100	131,600	1.9
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	6,848,500	6,980,100	131,600	1.9
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	6,848,500	6,980,100	131,600	1.9
Less:				
Other State Restricted Funds	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	6,848,500	6,980,100	131,600	1.9
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$6,848,500
Changes from FY 2017-18 Year-to-Date:	
1. Executive Office Operations. Governor and Senate recommended a 2.0% overall increase for Executive Operations.	105,400
2. Unclassified Salaries. Governor and Senate increased GF/GP funding by \$26,200 for total funding of \$1,333,500 for FY 2018-19.	26,200
3. Comparison to Governor's Recommendation. The Senate is \$0 Gross and \$0 GF/GP over/under the Governor.	
Total Changes	\$131,600
FY 2018-19 Senate Appropriations Committee Gross Appropriation	\$6,980,100

Boilerplate Changes from FY 2017-18 Year-to-Date:

1. There is no boilerplate for the Executive Office.

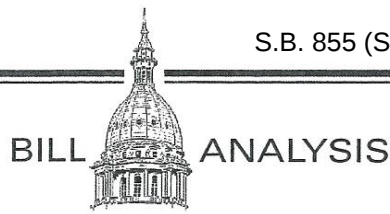
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			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	179,561,000	182,450,600	2,889,600	1.6
Less:				
Interdepartmental Grants Received	5,709,200	5,823,400	114,200	2.0
ADJUSTED GROSS	173,851,800	176,627,200	2,775,400	1.6
Less:				
Federal Funds	0	0	0	0.0
Local and Private	400,000	400,000	0	0.0
TOTAL STATE SPENDING	173,451,800	176,227,200	2,775,400	1.6
Less:				
Other State Restricted Funds	6,247,100	6,403,100	156,000	2.5
GENERAL FUND/GENERAL PURPOSE	167,204,700	169,824,100	2,619,400	1.6
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$179,561,000
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Changes from FY 2017-18 Year-to-Date:

- 1. Removal of FY 2017-18 One-Time Items.** The Governor and Senate did not include one-time funding for FY 2017-18 totaling \$3.0 million (all GF/GP) that funded the upgrade and integration of the legislative computer system (Chamber Automation System). (3,000,000)
- 2. Legislative Adjustment.** The Governor and Senate increased overall funding for the Legislature by a total of 3.0% (excluding one-time funds). The Senate received an increase of \$1.2 million overall while the House received an overall increase of \$1.7 million. The House and Senate Fiscal Agencies received an increase of \$96,900 each. The Legislative Council received an increase of \$449,100 while the Retirement System received an increase of \$140,100. The Binsfeld Office Building received an increase of \$240,900 while the Cora Anderson House Building received increases totaling \$353,100. Finally, the Governor included additional funding of \$226,200 for the State Capitol Historic Site line item (\$133,200 for general operations and \$93,000 for restoration, renewal and maintenance). Funding for the Legislature totals \$157.3 million (\$152.5 million GF/GP) for FY 2018-19. 4,487,700
- 3. National Association Dues. Governor:** Decreased the appropriation for the dues paid to national associations of which the State is a member by nearly 50% for total funding in FY 2018-19 of \$224,000. **Senate:** Maintained current-year funding of \$454,700. 0
- 4. Auditor General Adjustment.** Governor and Senate recommended a 3.0% overall increase for Auditor General operations. The increase totaled \$651,800 of which \$498,200 is general fund. Funding for the Auditor General totals \$24.9 million (\$17.1 million GF/GP) for FY 2018-19. 651,800

5. **One-Time Funding. Governor:** Included a total of \$750,000 in one-time funding for the upgrade and integration of the legislative computer system (Chamber Automation System). 750,100
Senate: Concurred with Governor and added a \$100 placeholder for the Criminal Justice Policy Commission.
6. **Comparison to Governor's Recommendation.** The Senate is \$230,800 Gross and \$230,800 GF/GP over the Governor.

Total Changes	\$2,889,600
FY 2018-19 Senate Appropriations Committee Gross Appropriation	\$182,450,600

Boilerplate Changes from FY 2017-18 Year-to-Date:

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2016-17 general sections that applied to all General Government budgets to the Article for the Legislature. Changes to those items can be found in the highlight sheet for the **General Sections. Senate:** Retained current-law structure for the general sections.
2. **Michigan Manual.** Designates as work project appropriation for the Michigan Manual. **Governor:** Rewrites language to comply with the Management and Budget Act. Also states that the purpose of the work project will be the publication of the Michigan Manual and lists the total estimated cost at \$3.0 million and a completion date of September 30, 2023. **Senate:** Concurred with Governor. (Sec. 605)
3. **Property Management.** Designates property management appropriation for the Legislature as work project. Specifies that the funds will be used to purchase equipment and services for building maintenance. Includes an estimated total cost of \$2.0 million and completion date of September 30, 2021. **Governor:** Rewrites language to comply with the Management and Budget Act. Also states that the purpose of the work project will be to purchase equipment and services for building maintenance and lists the total estimated cost at \$2.0 million and a completion date of September 30, 2022. **Senate:** Concurred with Governor. (Sec. 606)
4. **Legislative Automated Data Processing.** Designates appropriations in Part 1 for automated data processing as work project appropriations. Includes estimated costs of \$2.0 million and tentative completion date of September 30, 2021. **Governor:** Rewrites language to comply with the Management and Budget Act. Also states that the purpose of the work project will be to purchase equipment, software, and services in order to support and implement data processing requirements and technology improvements and lists the total estimated cost at \$3.0 million and a completion date of September 30, 2023. **Senate:** Concurred with Governor. (Sec. 607)
5. **Legacy Cost Estimates.** Total legacy costs are estimated at \$21,252,700. Of the total, Pension-related legacy costs are estimated at \$10,936,800 and retiree health care legacy costs are estimated at \$10,315,900 for fiscal year ending September 30, 2018. **Governor:** Deletes section. **Senate:** Retained language and updated the figures as follows: Total legacy costs are estimated at \$29,587,600. Of the total, Pension-related legacy costs are estimated at \$13,640,400 and retiree health care legacy costs are estimated at \$15,947,200 for fiscal year ending September 30, 2019. (Sec. 615)
6. **Legislative System IT Upgrade.** Language states that the funds appropriated shall be used for the design, development, and implementation of a legislative computer system. Funds cannot be used without written approval from the Speaker of the House, the Senate Majority Leader, and the Legislative Council Administrator. **Governor:** Rewrites language to comply with the Management and Budget Act. Also states that the purpose of the work project will be for the continued design, development, and implementation of the legislative computer system and lists the total estimated cost at \$12.75 million and a completion date of September 30, 2023. **Senate:** Concurred with Governor. (Sec. 616)

Date Completed: 4-26-18

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			AMOUNT	PERCENT
FTE Positions	1,586.0	1,686.0	100.0	6.3
GROSS	254,358,500	255,662,800	1,304,300	0.5
Less:				
Interdepartmental Grants Received	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	234,358,500	235,662,800	1,304,300	0.6
Less:				
Federal Funds	1,460,000	1,460,000	0	0.0
Local and Private	50,100	50,100	0	0.0
TOTAL STATE SPENDING	232,848,400	234,152,700	1,304,300	0.6
Less:				
Other State Restricted Funds	208,709,400	215,686,400	6,977,000	3.3
GENERAL FUND/GENERAL PURPOSE	24,139,000	18,466,300	(5,672,700)	(23.5)
PAYMENTS TO LOCALS	1,215,900	1,129,000	(86,900)	(7.1)

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$254,358,500
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Changes from FY 2017-18 Year-to-Date:

- 1. Removal of FY 2017-18 One-Time Appropriation.** Governor and Senate removed GF/GP funding of \$5.0 million provided for voting machine replacements. (5,000,000)
- 2. Driver License Contracting Costs.** Governor and Senate included additional restricted funding to cover the costs of extending the current contract with the State's vendor that produces State-issued driver license and personal identification cards. 925,000
- 3. Information Technology Costs.** Governor and Senate included additional restricted funding totaling \$800,000 for two items that increased IT costs. Funding of \$500,000 is provided to cover the increased IT rate increases charged to the Department by DTMB for providing IT assistance. The remaining \$300,000 will fund a project to create a disaster recovery plan for the Qualified Voter File in the event that the security of the QVF is ever breached. 800,000
- 4. Commercial Driver License Testing Kiosks.** Governor and Senate included additional restricted funding for maintenance costs of the testing kiosks for commercial driver licenses located at various branch offices across the state. The kiosks were provided by the Federal government to comply with new Federal regulations, however, maintenance costs are the responsibility of the state. 500,000
- 5. Branch Operations. Senate:** Added additional funding of \$1.0 million in restricted funding and 100.0 FTE positions for costs associated with driver license reinstatement due to elimination of driver responsibility fees which are repealed effective October 1, 2018. 1,000,000

6. Replacement of GF/GP with Restricted Funds. Governor: General Fund/General Purpose dollars that are currently used to fund the Department are replaced with restricted funds from the Transportation Administration Collection Fund (TACF). While this has a net zero effect on the gross for the Department, this reduces overall GF/GP expenditures for the State by \$1.1 million in FY 2018-19. Senate: Concurred with Governor.	0
7. Economic Adjustments. Includes \$3,079,300 Gross and \$475,600 GF/GP for total economic adjustments, of which an estimated negative \$514,300 Gross and negative \$40,500 GF/GP is for legacy retirement costs (pension and retiree health).	3,079,300
8. Comparison to Governor's Recommendation. The Senate is \$1,000,000 Gross and \$0 GF/GP over the Governor.	
Total Changes	\$1,304,300
FY 2018-19 Senate Appropriations Committee Gross Appropriation	\$255,662,800

Boilerplate Changes from FY 2017-18 Year-to-Date:

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2017-18 general sections that applied to all General Government budgets to the Article for the Department of State. Changes to those items can be found in the highlight sheet for the **General Sections. Senate:** Retained current-law structure for the general sections.
2. **Business Application Modernization Project Report.** Requires a report of the total funds expended for the business application modernization project, start dates, costs, and penalties paid to the state by the contract provider. **Governor:** Eliminated section. **Senate:** Revised language to refer to the new customer and automotive records systems project (CARS) program. (Sec. 716b)
3. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. **Governor:** Eliminated section. **Senate:** Concurred with Governor. (Current Law Sec. 718)
4. **Election Oversight.** Language states that of the funds appropriated in part 1, the Office of Investigative Services may use available funds to conduct investigations of any reported irregularities in a local, state, or national election. **Senate:** Deletes language. (Current Law Sec. 719)
5. **NEW. Voting Machines for High Schools. Senate:** Added new language requiring the Department of State to make at least one voting machine available to at least one high school in each regional prosperity region for the purpose of allowing pupils to become familiar with the voting process in a simulated voting simulation. (**NEW** Sec. 720)
6. **NEW. Expiration of Authorization for Additional FTEs. Senate:** Added new language stating that the addition of 100.0 FTE positions in the Branch Operations line item are temporary positions whose authority shall expire on March 1, 2019. (**NEW** Sec. 720a)
7. **Legacy Cost Estimates.** Total legacy costs are estimated at \$31,170,200. Of the total, Pension-related legacy costs are estimated at \$16,040,400 and retiree health care legacy costs are estimated at \$15,129,800 for fiscal year ending September 30, 2018. **Governor:** Provided the following Legacy Costs estimates for FY 2019: Total legacy costs estimated at \$30,655,900. Of that total, \$14,132,900 are for pension-related legacy costs and \$16,523,000 are for retiree health care legacy costs for the fiscal year ending September 30, 2019. **Senate:** Concurred with Governor. (Sec. 725)

Date Completed: 4-26-18

Fiscal Analyst: Joe Carrasco, Jr.

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



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Senate Bill 855 (S-1 as reported)
Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 SEN. FULL COMM.	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,447.0	1,450.0	3.0	0.2
GROSS	1,179,421,800	1,116,065,300	(63,356,500)	(5.4)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,179,421,800	1,116,065,300	(63,356,500)	(5.4)
Less:				
Federal Funds	762,144,800	762,645,800	501,000	0.1
Local and Private	6,120,900	6,121,700	800	0.0
TOTAL STATE SPENDING	411,156,100	347,297,800	(63,858,300)	(15.5)
Less:				
Other State Restricted Funds	206,056,700	208,432,300	2,375,600	1.2
GENERAL FUND/GENERAL PURPOSE	205,099,400	138,865,500	(66,233,900)	(32.3)
PAYMENTS TO LOCALS	11,300,000	31,400,000	20,100,000	177.9

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$1,179,421,800
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Changes from FY 2017-18 Year-to-Date:

- Michigan Enhancement Grant.** The **Senate** continued or included new Michigan enhancement grants, which are outlined in boilerplate section 1047 and is all supported by GF/GP. 7,356,600
- Pure Michigan.** The **Senate** included a \$1.0 million Gross and GF/GP increase to Pure Michigan. 1,000,000
- Workforce Development Program.** The **Governor** and **Senate** increased the Workforce Development Program (WDP) due to an increase in the Federal award amount for the Employment and Training Program. The increase is supported by Federal funds. 501,000
- Drinking Water Declaration of Emergency.** The **Governor** and **Senate** included a \$100 placeholder in one-time appropriations to allow for potential transfers from the Drinking Water Declaration of Emergency Fund if necessary. 100
- UIA Placeholder.** The **Senate** included a \$100 placeholder in the UIA to pay off the UIA debt owed from the dissolved Inkster School district. 100
- Community College Skilled Trades Equipment Program.** The **Governor** and **Senate** changed the fund source for this \$4.6 million debt service payment from GF/GP to Penalties and Interest revenue. 0
- One-Time Appropriations Removal.** The **Governor** removed a number of FY 2017-18 one-time appropriations, which include: Arts and Culture Grants (\$1.0 million), Michigan Enhancement Grants (\$35,897,000), Protect and Grow (\$1.0 million), Special Grants (\$2.7 million), and Talent Marketing (\$5.0 million). All of these appropriations were supported by GF/GP. The **Senate** concurred with the Governor's removal of FY 2017-18 one-time appropriations except Arts and Culture Grants (\$1.0 million) and included the removal of Project Rising Tide (\$2.0 million). (46,597,000)

8. Going Pro Reduction and Fund Shift. The Governor reduced the one-time appropriation portion of this program by \$5.5 million Gross and GF/GP. Also, the Governor changed the fund source for \$25.0 million of Penalties and Interest revenue to GF/GP. The Senate concurred with the \$5.5 million Gross and GF/GP reduction but maintained \$25.0 million as Penalties and Interest revenue.	(5,500,000)
9. Business Attraction and Community Revitalization. The Governor reduced the program by \$5,120,100 Gross and GF/GP. Also, the Governor changed the fund source for \$2.0 million from GF/GP to the 21 st Century Jobs Trust Fund. The Senate reduced the program by an additional \$10,237,000 Gross and GF/GP under the Governor. Total appropriations is \$100.1 million Gross for FY 2018-19.	(15,357,100)
10. Community Venture Reduction. The Governor and Senate reduced Gross appropriations by \$3.3 million. Of that total, \$2,993,300 was Penalties and Interest revenue and \$306,700 was GF/GP. Also, the Governor and Senate transferred 7.0 FTEs and \$1.5 million Penalties and Interest revenue to Workforce Development Administration (WDA).	(3,300,000)
11. Technical Adjustments. The Governor and Senate reversed defined calculations and made a number of adjustments to line items that were supported by various Federal funds and the 21 st Century Jobs Trust Fund, which do not allow for economic increases.	(1,653,900)
12. Entrepreneurship Eco-System. The Governor and Senate reduced the program by \$1.5 million Gross and 21 st Century Jobs Trust Fund dollars. Also, the Governor changed the fund source for \$500,000 of 21 st Century Job Trust Fund revenue to GF/GP. The \$2.0 million in total 21 st Century Jobs Trust Fund reductions were moved to the Business Attraction and Community Revitalization. Finally, the Governor moved \$2.5 million from ongoing to one-time appropriations.	(1,500,000)
13. Land Bank Fast Track Authority. The Governor and Senate removed \$1.0 million in ongoing appropriations to the Authority while adding 3.0 FTEs.	(1,000,000)
14. Internal FTE and Appropriation Transfers. The Governor and Senate made a number of internal transfers throughout the Department. This included transferring 12.0 FTEs and \$2.5 million in Federal funds from the UIA and WDA to the Department's Executive Direction; transferring \$2.3 million in Federal funds from WDP to WDA and Talent Investment Agency Executive Direction; and transferring \$150,000 from the MSF to the Land Bank Fast Track Authority.	0
15. Economic Adjustments. Includes \$2,693,700 Gross and \$270,200 GF/GP for total economic adjustments, of which an estimated \$136,000 Gross and \$20,300 GF/GP is for legacy retirement costs (pension and retiree health).	2,693,700
16. Comparison to Governor's Recommendation. The Senate is \$2,880,700 Gross and \$27,880,700 GF/GP under the Governor.	
Total Changes	(\$63,356,500)
FY 2018-19 Senate Appropriations Committee Gross Appropriation	\$1,116,065,300

Boilerplate Changes from FY 2017-18 Year-to-Date:

- Senate Deleted Sections.** The **Governor** and **Senate** deleted a number of sections, which include: 1040 (Department's use of an accounting system), 1051 (Talent Marketing metric requirement), 1054 (Protect and Grow metric requirement), 1055 (DTED-Grant), 1069 (Focus Hope), 1070 (Graduation for Life grant), 1080 (Community Venture matching amount), 1081 (Statewide System for Data Integration status report), and 1082 (Sustainable Employment Pilot status report). The **Senate** also deleted the FRIB report and Rising Tide metric requirement. (Sec. 1038 and 1052)
- Section Deleted by the Governor and retained by the Senate.** The **Governor** deleted and **Senate** retained a number of sections, which include: 1007 (Michigan Strategic Fund and Michigan Economic Development Corporation report), 1010 (Jobs for Michigan Investment Fund report), 1033 (Michigan Film and Media Office activity report), 1041 (limits the amount that can be transferred to Business Attraction and Community Development to no more than 60% before April 1), 1053 (Arts and Culture Grants), 1071 (Jobs for Michigan's Graduates Program), and 1084 (Going Pro metric requirement).

3. **Section Deleted by the Governor and modified by the Senate.** The **Governor** deleted and **Senate** retained and modified a number of sections, which include: 990 (the **Senate** created a new MSHDA report), 1047 (the Senate continued or included new Michigan Enhancement Grants), 1048 (Entrepreneurship Eco-System grant, **Senate** moved to 1047(1)), and 1067 (Helmets to Hardhats, **Senate** moved to 1047(18)).
4. **Broadband Bond Restriction.** The **Senate** included a new section that restricts the Department, MSF, and MSHDA from issuing or refinancing any bonds relating to broadband. (Sec. 983)
5. **Waterway Economic Vitality Fund.** The **Senate** created a new fund and program that provides grants towards the dredging of waterways around harbors for the purpose of maintaining the economic vitality of those harbors and allows remaining funds to be carried forward into a work project. (Sec. 1004)
6. **UIA Placeholder.** The **Senate** included a \$100 placeholder in the UIA to pay off the UIA debt owed from the dissolved Inkster School district. (Sec. 1072)
7. **UIA Fraudulent Claim RFP.** The **Senate** included a new section that requires that the UIA issue a \$300,000 RFP for a pilot project that assists in analyzing, reviewing, and dispositioning the high-volume of fraudulent claims using cloud-based solutions. (Sec. 1077)
8. **Date Modification.** The **Governor** changed the reporting data for a number of sections from March 15th to April 10th. The **Senate** maintained the current March 15th due date except for the Travel Michigan revenue report (Sec. 1005), which was moved to March 1st. (Secs. 1005, 1009, 1034, 1038, 1050, 1068, and 1079)
9. **Going Pro Administration.** The **Governor** and **Senate** expanded the language for "skilled trades training program" and "jobs created, jobs retained" for Going Pro administration. (Sec. 1065)
10. **Technical Modifications.** The **Governor** and/or **Senate** made a number of technical adjustments to reflect date changes, Part 1 appropriations total, legacy cost estimates, and standardized language. (Secs. 201, 981, 1011, 1032, 1040, 1043, 1044, 1050, 1053, 1076, 1084)

Date Completed: 4-26-18

Fiscal Analyst: Cory Savino



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Senate Bill 855 (S-1 as reported)
Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 SEN. FULL COMM.	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,937.0	3,116.0	179.0	6.1
GROSS	1,412,643,200	1,368,911,200	(43,732,000)	(3.1)
Less:				
Interdepartmental Grants Received	713,959,000	751,777,000	37,818,000	5.3
ADJUSTED GROSS	698,684,200	617,134,200	(81,550,000)	(11.7)
Less:				
Federal Funds	4,985,300	5,033,700	48,400	1.0
Local and Private	2,444,400	2,471,000	26,600	1.1
TOTAL STATE SPENDING	691,254,500	609,629,500	(81,625,000)	(11.8)
Less:				
Other State Restricted Funds	111,399,300	114,457,400	3,058,100	2.7
GENERAL FUND/GENERAL PURPOSE	579,855,200	495,172,100	(84,683,100)	(14.6)
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$1,412,643,200
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Changes from FY 2017-18 Year-to-Date:

- FY 2017-18 Supplemental Funding.** Governor and Senate did not include supplemental funding added in FY 2017-18 by Public Act 201 of 2017 that allocates \$100,000 for the implementation of House Bill 4644 (a bill that establishes size and weight permit fees for motor vehicles), contingent on the bill's enactment. (100,000)
- Removal of FY 2017-18 One-Time Items.** Governor and Senate did not include one-time funding for FY 2017-18 totaling \$82.0 million (all GF/GP) and 10.0 FTEs that funded a variety of one-time items. (82,025,100)
- Enterprisewide Portfolio Management Services.** Governor and Senate provided funding and 11.0 FTEs to support expenses associated with expanding the Enterprise Portfolio Management Office services across the portfolio of the information technology projects across all of State government. 2,010,000
- Regional Prosperity Grants.** Governor increased funding by \$1.5 million for continued support of the Regional Prosperity Initiative. Funding will be used to encourage local private, public, and non-profit partners to create vibrant regional economies. **Senate:** Does not include this funding. 0
- Procurement Improvement Plan Completion.** Governor and Senate provided Restricted funding and 6.0 FTEs to improve procurement services such as permanent supplier relationship management, contract management, and an enterprisewide professional development certification program for procurement professionals. 891,900
- Financial Services Support.** Governor and Senate increased funding and added 6.0 FTEs to alleviate the increased workload related to procurement of IT services and commodities and to reduce billing errors. 559,400

7. SBA Rent Increase. Governor adjusted SBA rent payments by a total of \$19.2 million GF/GP to comply with the DTMB Act which requires that SBA rent payments be made associated with projects authorized for construction. The increase in rental payments total \$37.6 million for FY 2018-19, however, \$18.4 million is available in existing authorization to cover nearly half of that expense thus only an additional \$19.2 million is needed. The adjustments are as follows: a \$5.5 million increase for community colleges; a \$2.7 million decrease for corrections; a \$5.9 million increase for state agencies; and a \$10.5 million increase for universities. Revised Gov. Rec. 2019-1 added an additional \$3,156,100 for debt service for Veterans homes. Senate: Concurred with Governor and added an additional \$5,250,000 GF/GP pursuant to senate target.	27,592,500
8. NEW. National Guard Retirees. Senate: Added new language stating that contingent on passage of Senate Bill 747 of the 99 th Legislature, from the funds appropriated in Part 1 for retirement services up to \$1,600,000 shall be used to cover the costs of retirement benefits for certain eligible members as prescribed in Senate Bill 747 of the 99 th Legislature.	1,600,000
9. Agency Services Rate Adjustment. Governor includes additional funding of \$1.5 million GF/GP to provide continued support for pay per-performance incentives in an effort to retain important and talented information technology personnel. Senate: Reduced Governor's additional funding by \$100,000.	1,400,000
10. DTMB BOC Special Maintenance. Governor and Senate increased authorization in the Department's IDG allowance for building operating costs to accommodate increased utility costs and other building service contracts such as elevators, security guards, and janitorial services.	1,800,000
11. Technical Adjustments for IT. Governor and Senate included alignment of funding of the IDGs with department and agency actual current year appropriations and increased restricted funding by \$31.0 million and 10.0 FTEs.	31,023,400
12. One-Time Funding. Governor included a total of \$420,100 in one-time Restricted funding for two items. A total of \$420,000 was included to continue support for the Michigan Civilian Cyber Corps (MIC3) to provide expert assistance to resolve cyber incidents when the State is under a Governor-declared State of Emergency and a \$100 placeholder was included for deposit into the fund for future use for costs associated with the Flint Water Crisis. Senate: Included two additional \$100 placeholders; one for Census related services and one for the Broadband initiative.	420,300
13. Professional Development Funds Adjustment. Governor and Senate reduced the authorization for professional development funds for non-represented employees (NERES) based on approved civil service contracts for FY 2018-19.	(50,000)
14. State Police Employees Retirement System Supplemental Payment. Governor and Senate decrease funding to adjust for a decline in the number retirement beneficiaries. Supplemental payments have been made for these retirees and beneficiaries pursuant to PA 168 of 2015.	(87,000)
15. IT Investment Fund (ITIF) Reduction. Governor and Senate included a General Fund reduction of \$25.0 million to the ITIF line item to adjust its funding level to account for the near completion of the SIGMA project. Due to the near completion of this project, ongoing costs will be reduced going forward. Governor also removed \$7.5 million of one-time funding for total funding of \$40.0 million for FY 2018-19.	(32,500,000)
16. Homeland/Cyber Security Reduction. Governor and Senate included a General Fund reduction of \$1.0 million to enterprise data network and backend network equipment updates. These updates can be put on hold without impacting the state's security posture.	(1,000,000)
17. School Reform Office Transferred to Department of Education. Governor and Senate include the transfer of the School Reform Office to the Department of Education pursuant to Executive Order 2017-5 which transfers the funds and accompanying 11.0 FTEs for the School Reform Office from DTMB to the Department of Education where the Office now resides.	(3,353,800)
18. FTE Adjustment. Governor and Senate adjusted FTE allocations by adding an additional 167 FTEs to better align with the appropriated funds and the associated positions across several lines within the Technology Services funding unit. The Department has both appropriated and unappropriated FTEs that are allocated as needed by the agency. The Department expects to exceed their appropriated FTE count related to increases in federally mandated programs, new systems, and contractor conversions and IT talent retention. There are no costs associated with this realignment.	0

19. **Economic Adjustments.** Includes \$8,086,400 Gross and \$1,812,300 GF/GP for total economic adjustments, of which an estimated \$1,054,600 Gross and \$843,300 GF/GP is for legacy retirement costs (pension and retiree health). 8,086,400
20. **Comparison to Governor's Recommendation.** The Senate is \$5,250,200 Gross and \$5,250,200 GF/GP over the Governor.

Total Changes	(\$43,732,000)
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FY 2018-19 Senate Appropriations Committee Gross Appropriation	\$1,368,911,200
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Boilerplate Changes from FY 2017-18 Year-to-Date:

1. **Boilerplate Structure.** Governor moved boilerplate from the FY 2016-17 general sections that applied to all General Government budgets to the Article for the Department of Technology, Management, and Budget. Changes to those items can be found in the highlight sheet for the **General Sections**. **Senate:** Retained current-law structure for the general sections.
2. **Special Revenue and Internal Service Funds.** Provides for appropriations financed from special revenue, internal service, pension trust funds or MAIN user charges not to exceed aggregate amounts appropriated in Part 1. **Governor:** Changed reference from MAIN to SIGMA. **Senate:** Concurred with Governor. (Sec. 805)
3. **MAIN (SIGMA) Charges.** Provides that the Michigan Administrative Information Network (MAIN) and the Statewide Integrated Governmental Management Applications (SIGMA) shall be funded by charges against State funds benefiting from MAIN and SIGMA. **Governor:** Deleted reference to MAIN referring only to SIGMA as MAIN is no longer in use. **Senate:** Concurred with Governor. (Sec. 807)
4. **Pilot Project to Provide Comprehensive Vendor Information.** Language provides a pilot project to allow the State to contract with a vendor that will provide comprehensive information on all vendors with whom the State conducts business transactions. **Governor:** Eliminated section as pilot project has been completed. **Senate:** Retained language. (Sec. 810a)
5. **NEW National Guard Retirees.** **Senate:** Added new language stating that contingent on passage of Senate Bill 747 of the 99th Legislature, from the funds appropriated in Part 1 for retirement services up to \$1,600,000 shall be used to cover the costs of retirement benefits for certain eligible members as prescribed in Senate Bill 747 of the 99th Legislature. (**NEW** Sec. 817)
6. **Unclassified Salaries.** Requires the Department to compile a report by January 1 pertaining to the salaries of unclassified employees and gubernatorial appointees. **Governor:** Eliminated section. **Senate:** Retained language. (Sec. 822)
7. **DTMB Fees and Rates.** Language requires the Department to provide a report to the Legislature that identifies fee and rate schedules to be used by State departments and agencies for services. **Governor:** Eliminated section. **Senate:** Retains language. (Sec. 822d)
8. **Legacy Cost Estimates.** Total legacy costs are estimated at \$84,145,300. Pension-related legacy costs are estimated at \$43,301,700 and retiree health care legacy costs are estimated at \$40,843,600 for fiscal year ending September 30, 2018. **Governor:** Provided the following Legacy Costs estimates for FY 2019: Total legacy costs estimated at \$85,199,900. Of that total, \$39,278,600 are for pension-related legacy costs and \$45,921,300 are for retiree health care legacy costs for the fiscal year ending September 30, 2019. **Senate:** Concurred with Governor. (Sec. 822e)
9. **School Reform Office.** Language per E.O. 2015-9 provides stipulations for schools placed in a School Reform/Redesign school district as well as protecting students with individualized education programs. **Governor:** Eliminated section. **Senate:** Concurred with Governor. (Current Law Sec. 822i)
10. **School Reform Office Public Hearings.** Language requires the School Reform Office to hold at least one public hearing, prior to the school reform expending funds or proceeding with the dissolution of a school, in the school district that the Office is considering for placement of a CEO or dissolution of the school district. **Governor:** Eliminated section. **Senate:** Concurred with Governor. (Current Law Sec. 822j)
11. **Tracking Performance of Vendors.** Language states that the Department shall establish a system that collaborates with other departments to track the performance of vendors who are awarded contracts through the procurement process. **Governor:** Eliminated section. **Senate:** Retained and added language requiring DTMB to provide the chairs of the House and Senate Subcommittees on General Government and the fiscal agencies with a listing of all departments that have not complied with the requirements of this section by March 15. (Sec. 822m)

12. **Placement of all Contract Proposals on Department Website.** Language requires the Department to establish a publically accessible portal on the Department's website that displays all contract proposals for all State departments and agencies. **Governor:** Eliminated section. **Senate:** Retained language. (Sec. 822n)
13. **School Reform Office Coordination with Department of Education.** Language requires the School Reform Office to coordinate with the Department of Education to streamline State services and resources, reduce duplication, and increase efficiency. **Governor:** Eliminated section. **Senate:** Concurred with Governor. (Current Law Sec. 822o)
14. **Spatial Information/Technical Services.** Allows Department to enter into agreements to supply spatial information and technical services to other departments, local units of government, and organizations. Provides for receipt and expenditure of funds relating to providing services, publications, and maps, and other products in addition to amounts appropriated in Part 1. Includes annual reporting requirement regarding receipt and expenditure of funds under this section. **Governor:** Deleted reporting requirement. **Senate:** Concurred with Governor. (Sec. 824)
15. **SIGMA Access.** Provides for access to all historical and current data contained within MAIN or its successor for the Legislature and State departments. **Governor:** Changed language to refer to SIGMA, or its predecessor, as MAIN has been replaced with SIGMA. **Senate:** Concurred with Governor. (Sec. 825)
16. **NEW. MPSCS and Local Payments.** **Senate:** Added new language stating that of the funds appropriated in part 1 for the Michigan Public Safety Communications System, \$2.0 million of the funds must be used to pay off any outstanding invoices for local agencies that are dated at least three years prior to the current fiscal year. Any unpaid invoices that are less than three years old must be paid in full by the local agency before becoming eligible for payments under this section. (**NEW** Sec. 827a)
17. **NEW. Broadband Access Expansion.** **Senate:** Added new language specifying that the one-time funding for Broadband Access Expansion shall be used for a pilot program to expand broadband service to residential or commercial premises within geographic areas that are unserved or underserved by broadband service. First priority shall be given to unserved areas. (**NEW** Sec. 834a)
18. **NEW. Census-Related One-Time Funding.** **Senate:** Added new language requiring the funds provided as one-time funding for census-related services shall be provided to the Michigan Nonprofit Association to mobilize nonprofits across the state to achieve a fair and accurate count in the 2020 census. Any funds remaining at the end of the fiscal year shall be placed in a work project account to be used at such time that the actual census takes place in 2020. (**NEW** Sec. 835a)
19. **NEW. Enterprise Portfolio Management.** **Governor:** Added new language requiring the Department to identify specific outcomes and performance measures including: Implementing an enhanced IT project management service delivery through statewide application of best practice models; collaboration with State agencies to bring all project management/project control office contracts under the enterprise portfolio management office; and to initiate steps to improve the state unified IT environment (SUITE) compliance rating. **Senate:** Concurred with Governor. (**NEW** Sec. 840)
20. **Capital Outlay Definitions.** Provides various definitions contained in the appropriation act. **Governor:** Deletes definitions for Department; Director; Fiscal Agencies; State Agency; and State Building Authority. **Senate:** Retained current law definitions. (Sec. 860)
21. **Drinking Water Declaration of Emergency Reserve Fund.** Language creates the Drinking Water Declaration of Emergency Reserve Fund within the Department of Treasury. Language also requires the deposit of \$25.0 million into the fund in FY 2017-18, states that funds cannot be spent until appropriated by the Legislature, requires all interest earnings by the Reserve Fund to be deposited in the general fund, and states that any funds remaining in the Reserve Fund at the end of the fiscal year shall remain in the Reserve Fund and not lapse to the general fund. **Governor:** Eliminated section. **Senate:** Retained language and updates for \$100 placeholder. (Sec. 880)
22. **Other Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: 828, 829, 830, 832, 836a, and 837. The majority of these sections required the Department to provide either reports or notifications to the Legislature.

Date Completed: 4-26-18

Fiscal Analyst: Joe Carrasco, Jr.

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



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 SEN. FULL COMM.	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A
GROSS	107,580,000	107,580,000	0	0.0
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	107,580,000	107,580,000	0	0.0
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	107,580,000	107,580,000	0	0.0
Less:				
Other State Restricted Funds	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	107,580,000	107,580,000	0	0.0
PAYMENTS TO LOCALS	0	0	0	0.0

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$107,580,000
Changes from FY 2017-18 Year-to-Date: None	
1. Comparison to Governor's Recommendation. The Senate is \$0 Gross and \$0 GF/GP over/under the Governor.	
Total Changes	
FY 2018-19 Senate Appropriations Committee Gross Appropriation	\$107,580,000

Boilerplate Changes from FY 2017-18 Year-to-Date: None

Date Completed: 4-26-18

Fiscal Analyst: Cory Savino

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			AMOUNT	PERCENT
FTE Positions	1,852.5	1,860.5	8.0	0.4
GROSS	513,929,900	552,075,300	38,145,400	7.4
Less:				
Interdepartmental Grants Received	12,613,700	12,780,300	166,600	1.3
ADJUSTED GROSS	501,316,200	539,295,000	37,978,800	7.6
Less:				
Federal Funds	27,022,600	27,128,000	105,400	0.4
Local and Private	14,543,500	13,163,200	(1,380,300)	(9.5)
TOTAL STATE SPENDING	459,750,100	499,003,800	39,253,700	8.5
Less:				
Other State Restricted Funds	361,381,600	397,521,400	36,139,800	10.0
GENERAL FUND/GENERAL PURPOSE	98,368,500	101,482,400	3,113,900	3.2
PAYMENTS TO LOCALS	186,083,500	219,653,600	33,570,100	18.0

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$513,929,900
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Changes from FY 2017-18 Year-to-Date:

- Emergency 9-1-1 Payments.** The **Senate** increased Emergency 9-1-1 payments to align with projections from Public Act 51 of 2018, which increased 9-1-1 rates and grant distributions. Total Emergency 9-1-1 payments were increased to \$48.8 million for FY 2018-19 21,800,000
- Medical Marijuana Excise Fund.** The **Governor** and **Senate** increased administration and grants appropriated from the Medical Marijuana Excise Fund to align with current revenue projections. Of the total increase, \$6,930,000 accounts for increased grants and \$227,100 accounts for increased administration. The increase is all supported by the Medical Marijuana Excise Fund. Total appropriation from the Medical Marijuana Excise Fund to the Department is \$11.8 million for FY 2018-19. 7,157,100
- Information Technology Rate Increase.** The **Governor** and **Senate** increased the Information Technology line item to account for a rate increase from the DTMB. The increase accounts for 10.0 FTEs and \$2.7 million for continuing mainframe legacy upgrades and \$2.8 million for cloud hosting and security upgrades. The increase is supported by GF/GP. This increased total appropriation for Information Technology to \$36.7 million for FY 2018-19. 5,450,000
- Convention Facility Development Fund Distribution.** The **Senate** increased the total Convention Facility Development Fund distribution to align with current projections and split the distribution between the three distribution types, which includes: the statutory payments to Cobo Hall, the payments to counties, and the excess payments to Cobo Hall. The increase is all supported by Restricted funds. Total appropriation from the Convention Facility Development Fund is \$95.6 million for FY 2018-19. 4,652,000
- State Lottery Staff and Administration.** The **Governor** and **Senate** added 5.0 FTEs and funding in the Bureau of State Lottery due to increased workloads in the Bureau from continued growth in the Michigan Lottery. The increase is all supported by State lottery revenue. 637,200

6. OPEB Oversight. The Governor and Senate included 2.0 FTEs and additional ongoing funding to implement the requirements of Public Act 202 of 2017, which require monitoring, evaluating, and reporting on pension and retirement health benefit plans offered by 1,400 local units of government. The increase is all supported by GF/GP. The Senate did include boilerplate language requiring that the department issue a RFP for implementation of PA 202 of 2017 and PA 57 of 2018. (Sec. 949I)	464,000
7. MI Thrive Program Administration. The Governor and Senate included 1.0 FTE and additional ongoing revenue to allow the Department to calculate income tax revenue generated from approved MI Thrive projects that clean up contaminated environmental sites. The funding is all supported by the Brownfield Development Fund.	214,300
8. Technical Adjustment. The Governor and Senate increased accounting services to account for a user charge increase. The increase is supported by the IDG Accounting Service Center User Charges Fund.	30,000
9. One-Time and Supplemental Removal. The Governor and Senate removed FY 2017-18 one-time appropriations, which include Treasury Operation IT Services (\$2.0 million), City Income Tax Administration (\$1.5 million), Urban Search and Rescue (\$900,000), and an FY 2017-18 supplemental for the Infrastructure Council (\$1.5 million). Of the total removal, \$1.5 million is from the City Income Tax Local Fund, \$1.5 million is from the Michigan Infrastructure Fund, and \$2.9 million is GF/GP.	(5,900,000)
10. Administration Efficiency Reduction. The Governor and Senate reduced Gross and GF/GP appropriations to the Department Services, Supervision of the General Property Tax Law and Tax Compliance line items due to administrative efficiencies.	(750,000)
11. Supervision of the General Property Tax Law. The Senate reduced the line item by \$230,900 Gross and GF/GP.	(230,900)
12. Financial Data Analytical Tool Reimbursement. The Governor removed this ongoing grant program, which was all supported by GF/GP. The Senate maintained current funding.	0
13. Restricted Fund Removal. The Governor and Senate removed the Emergency 911 Restricted fund from the Tax and Economic Policy line item due to the sunset of authorization for the Department. The decrease was not replaced with another revenue source resulting in a gross reduction in the line item.	(158,700)
14. Beat the Streets Removal. The Governor and Senate removed this ongoing grant program, which was all supported by GF/GP.	(100,000)
15. Internal FTE and Fund Transfers. The Governor and Senate made some internal transfers of FTEs and funds throughout the Department. This included transferring 6.0 FTEs and \$689,000 from Tax Processing, 2.0 FTEs and \$260,600 from Tax Compliance, 3.0 FTEs and \$529,700 from Accounting, and 1.0 FTE and \$223,600 from Collections to Executive Direction; transferring 11.0 FTEs and \$2,073,400 (the Revenue Sharing and Grant Division) from the Office of Revenue and Tax Analysis to the Office of Accounting Services; and Rolling the Financial Independence Team line item (9.0 FTEs and \$4,259,700) into the Supervision of the General Property Tax line item.	0
16. Economic Adjustments. Includes \$4,880,400 Gross and \$1,180,800 GF/GP for total economic adjustments, of which an estimated \$1,013,200 Gross and \$200,100 GF/GP is for legacy retirement costs (pension and retiree health).	4,880,400
17. Comparison to Governor's Recommendation. The Senate is \$26,721,100 Gross and \$269,100 GF/GP over the Governor.	
Total Changes	\$38,145,400
FY 2018-19 Senate Appropriations Committee Gross Appropriation	\$552,075,300

Boilerplate Changes from FY 2017-18 Year-to-Date:

1. **Deleted.** The **Governor** and **Senate** deleted a section that established a closed-loop payment system and required reporting requirements for Urban Search and Rescue. (Secs. 943 and 949g)
2. **Bond Notification.** The **Governor** deleted, and **Senate** retained a section that requires the department to notify the legislature when a bond is refinanced. (Sec. 902a)
3. **Secondary Placement Collection Services.** The **Governor** deleted a section that required that the department issue a RFP for the secondary placement collections program. The **Senate** modified the section to require that the department issue a RFP for secondary placement collection services when a RFP is issued for primary collection services. (Sec. 903(4))
4. **Financial Data Analytic Tool Reimbursement.** The **Governor** deleted a section that outlines the reimbursement of financial data analytic tool. The **Senate** modified the section to allow a council of government to receive reimbursement, removed the RFP requirement, allow vendors to issue reimbursement requests, and places any remaining funds into a work project. (Sec. 936)
5. **Pension Plan Consultant.** The **Governor** and **Senate** modified language for pension plan consultants that removes language requiring notification that a consultant has been used and provide a rationale for why a consultant was needed and retained language that the Department must retain any reports provided by consultants and made available upon request. (Sec. 944)
6. **Lottery Promotion and Advertisement.** The **Governor** and **Senate** modified language for Lottery promotion and advertisement that removed the \$30.0 million cap but retained language that promotion and advertisement cannot exceed 1% of the prior year's gross sales. (Sec. 964)
7. **Transformation Brownfield Plans.** The **Governor** and **Senate** added new language that requires the payment of captured tax revenue due under approved transformation Brownfield plans, in accordance with the statute. (Sec. 949k)
8. **Restricted Fund Report.** The **Senate** included a new section that requires that the department report on all of the funds administered or controlled by the department that are not appropriated in part 1 appropriations. (Sec. 902b)
9. **OPEB and TIF Oversight.** The **Senate** included a new section that requires that the department use the \$464,000 appropriated in part 1 for OPEB oversight to issue a RFP for oversight of OPEB and TIFs to implement PA 202 of 2017 and PA 57 of 2018. (Sec. 949L)
10. **Horse Racing.** The **Governor** modified a section that removes the ability of the Michigan gaming control board to increase or reduce the number of race dates depending on changes to the funds received from certified horsemen's organizations and the regulatory costs. The **Senate** maintained current language. (Sec. 978)
11. **Millionaire Party Oversight Report.** The **Senate** modified the due date for the Millionaire Party oversight report from April 15 to March 1. (Sec. 979)
12. **Technical Adjustments.** The **Governor** and **Senate** made some technical adjustments to reflect date changes, Part 1 appropriations total, legacy cost estimates, and standardized language. (Secs. 201, 926, and 948)

Date Completed: 4-26-18

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Senate Bill 855 (S-1 as reported)
Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 SEN. FULL COMM.	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A
GROSS	1,287,738,100	1,308,889,900	21,151,800	1.6
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,287,738,100	1,308,889,900	21,151,800	1.6
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,287,738,100	1,308,889,900	21,151,800	1.6
Less:				
Other State Restricted Funds	1,279,359,000	1,298,609,300	19,250,300	1.5
GENERAL FUND/GENERAL PURPOSE	8,379,100	10,280,600	1,901,500	22.7
PAYMENTS TO LOCALS	1,287,738,100	1,308,883,900	21,145,800	1.6

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$1,287,738,100
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Changes from FY 2017-18 Year-to-Date:

- Constitutional Revenue Sharing. Governor:** Recommended \$832,343,800 for constitutional revenue sharing for FY 2018-19, an increase of 3.1% from the January 2018 consensus estimate for FY 2017-18. **Senate:** Concurred with Governor. 24,732,900
- City, Village, and Township (CVT) Revenue Sharing. Governor:** Recommended \$243,040,000 in FY 2018-19 for nonconstitutional or "statutory" payments to cities, villages, and townships, the same ongoing amount as in FY 2017-18. Governor removed \$5,800,000 in one-time funding that was used for alternative per-capita payments to cities, villages, and townships. **Senate:** Retained \$5,800,000 funding that was used for alternative per-capita payments to cities, villages, and townships, and moved it to ongoing funding. Also reduced minimum payment threshold to receive a payment from \$4,500 to \$1,000. 116,000
- Supplemental City, Village, and Township Revenue Sharing. Governor:** Removed one-time funding for per-capita payments for cities, villages, and townships. **Senate:** Concurred with Governor. (6,200,000)
- Revenue Sharing Payments to Counties. Governor:** Recommended a total of \$218,225,500 for revenue sharing payments to counties. This amount would be paid through two line items: \$175,006,700 for County Revenue Sharing and \$43,218,800 for the County Incentive Program. Removed \$2,179,100 for a 1% increase that was added in FY 2017-18 and recommended increases of \$259,000 for County Revenue Sharing and \$58,400 for the County Incentive Program to cover the partial-year cost of three counties (Antrim, Keweenaw, and Mackinac) that re-enter State-paid revenue sharing in 2019. **Senate:** Retained increase from FY 2017-18 and increased payments to counties another 1% (for a total increase of \$4,364,600). Also concurred with Governor to cover the partial-year cost of three counties that re-enter State-paid revenue sharing in 2019. 2,502,900

5. **Financially Distressed Cities, Villages, and Townships. Governor:** Recommended 0
\$5.0 million in FY 2018-19 for this grant program, the same amount as in FY 2017-18.
Senate: Concurred with Governor.
6. **Comparison to Governor's Recommendation.** The Senate is \$10,280,600 Gross and
\$10,280,600 GF/GP over the Governor.

Total Changes	\$21,151,800
FY 2018-19 Senate Appropriations Committee Gross Appropriation	\$1,308,889,900

Boilerplate Changes from FY 2017-18 Year-to-Date:

1. **CVT Revenue Sharing. Governor/Senate** set the amount that an eligible local government can receive at 78.51044% of FY 2009-10 statutory payments, the same as the standard payment in FY 2017-18. **Governor** removed the option for CVTs over 7,500 in population to receive payment of \$2.64659 per capita instead of the standard payment. **Senate** retained the option for CVTs over 7,500 in population to receive payment of \$2.64659 per capita instead of the standard payment and also lowered the minimum payment threshold from \$4,500 to \$1,000. (Sec. 952(1))
2. **County Revenue Sharing. Governor** recommended that payments in FY 2018-19 be 100.986% of the payments for which counties are eligible under the Glen Steil State Revenue Sharing Act; reduced from 101.986% in FY 2017-18. **Senate** recommended that payments in FY 2018-19 be 102.986% of the payments for which counties are eligible under the Glen Steil State Revenue Sharing Act. (Sec. 955)
3. **Financial Distressed CVTs. Governor** added language allowing funds to be used "to administer other projects that move the city, village, or township toward financial stability". **Senate** maintained existing language. (Sec. 956)
4. **Supplemental CVT Revenue Sharing. Governor/Senate** removed supplemental CVT revenue sharing program. (Sec. 957)

Date Completed: 4-26-18

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