



Senate Fiscal Agency
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BILL ANALYSIS



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**Public Act 107 of 2017
FY 2017-18 General Omnibus Appropriation Act
FY 2016-17 and FY 2017-18
(Includes FY 2016-17 Supplemental Appropriations)**

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* General Government includes FY 2016-17 appropriations for the following budget areas: Attorney General; Civil Rights; Executive; Legislature; State; Talent and Economic Development; Technology, Management, and Budget; and Treasury.

Date Completed: 7-19-17

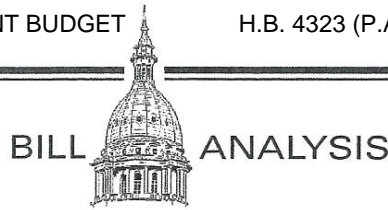
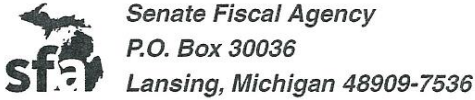
General Omnibus Appropriation Act Public Act 107 of 2017 FY 2017-18 Appropriations		
Department/Budget Area	FY 2017-18 Gross Appropriation	FY 2017-18 GF/GP Appropriation
Agriculture and Rural Development	\$114,448,600	\$66,001,800
Attorney General	101,198,800	40,248,600
Civil Rights	16,249,600	13,006,600
Corrections	2,001,919,200	1,946,633,600
Education	351,181,200	80,677,400
Environmental Quality	508,767,700	47,244,000
Executive	6,848,500	6,848,500
Health and Human Services	25,444,884,600	4,365,484,900
Insurance and Financial Services	66,741,400	150,000
Judiciary	300,043,000	192,574,400
Legislative Auditor General	24,286,200	16,607,600
Legislature	155,274,800	150,597,100
Licensing and Regulatory Affairs	434,672,000	44,416,600
Military and Veterans Affairs	179,504,400	62,567,500
Natural Resources	408,967,300	56,944,900
State	249,358,500	19,139,000
State Police	694,763,900	439,442,800
Talent and Economic Development	1,179,421,800	205,099,400
Technology, Management, and Budget	1,412,543,200	579,755,200
Transportation	4,347,443,000	0
Treasury-Debt Service	107,580,000	107,580,000
Treasury-Operations	512,429,800	98,368,500
Treasury-Revenue Sharing	1,278,215,000	8,379,100
Total General Omnibus Appropriations.....	\$39,896,742,500	\$8,547,767,500

Education Omnibus Appropriation Act Public Act 108 of 2017 FY 2017-18 Appropriations		
Department/Budget Area	FY 2017-18 Gross Appropriation	FY 2017-18 GF/GP Appropriation
Community Colleges	\$399,326,500	\$1,025,000
Higher Education.....	1,629,224,400	1,279,254,500
School Aid K-12	14,578,863,900	213,690,000
Total Education Omnibus Appropriations.....	\$16,607,414,800	\$1,493,969,500

TOTAL COMBINED OMNIBUS APPROPRIATIONS	\$56,504,157,300	\$10,041,737,000
Budget Stabilization Fund Appropriations	\$150,000,000	\$150,000,000
TOTAL GROSS and GF/GP APPROPRIATIONS	\$56,654,157,300	\$10,191,737,000

**General Omnibus Appropriation Act
Public Act 107 of 2017
FY 2016-17 Supplemental Appropriations**

Article/Budget Area	FY 2016-17 Gross Appropriation	FY 2016-17 GF/GP Appropriation
Article II-Capital Outlay		
State Project Planning Authorizations	\$100	\$100
State Project Construction Authorizations	200	200
College and University Project Planning Authorizations	1,000	1,000
College and University Construction Authorizations	1,100	1,100
Subtotal Article II-Capital Outlay	\$2,400	\$2,400
Article XX-Budget Areas Supplemental Appropriations		
Attorney General	\$3,726,300	\$0
Corrections	10,750,000	10,750,000
Education	14,526,200	2,100,000
Environmental Quality	3,300,000	0
Health and Human Services	16,923,200	(49,843,900)
Judiciary	534,600	500,000
Licensing and Regulatory Affairs	13,682,300	5,000,000
Military and Veterans Affairs	800,000	800,000
Natural Resources.....	8,158,000	3,850,000
State Police	8,058,100	4,150,000
Talent and Economic Development	7,336,000	7,336,000
Technology, Management, and Budget	5,531,000	3,031,000
Transportation	4,310,000	0
Treasury-Operations	12,750,000	5,000,000
Subtotal Article XX-Budget Areas	\$110,385,700	(\$7,326,900)



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	476.0	493.5	17.5	3.7
GROSS	95,906,900	114,448,600	18,541,700	19.3
Less:				
Interdepartmental Grants Received	323,200	310,300	(12,900)	(4.0)
ADJUSTED GROSS	95,583,700	114,138,300	18,554,600	19.4
Less:				
Federal Funds.....	10,471,200	11,373,900	902,700	8.6
Local and Private	130,700	101,600	(29,100)	(22.3)
TOTAL STATE SPENDING	84,981,800	102,662,800	17,681,000	20.8
Less:				
Other State Restricted Funds.....	35,054,900	36,661,000	1,606,100	4.6
GENERAL FUND/GENERAL PURPOSE	49,926,900	66,001,800	16,074,900	32.2
PAYMENTS TO LOCALS	4,750,000	7,350,000	2,600,000	54.7

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$95,906,900
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- | | |
|--|-----------|
| 1. Michigan Agriculture Environmental Assurance Program (MAEAP) Enhancement.
Governor, Senate, and House recommended an increase of \$1.5 million Restricted to reflect added revenue resulting from fee increases provided by PA 118 of 2015. | 1,500,000 |
| 2. Federal Food and Dairy Regulatory Requirements. Governor, Senate, and House recommended 4.0 FTEs and \$1,122,300 Gross (\$980,100 GF/GP) to implement requirements of the Federal Food Safety Modernization Act. | 1,122,300 |
| 3. Agriculture Development Expansion. Governor, Senate, and House recommended an additional FTE and \$408,500 GF/GP to support the promotion of Michigan food processing and products in worldwide markets. | 408,500 |
| 4. Emergency Management. Governor, Senate, and House added GF/GP funds to enhance emergency management preparedness and response. | 359,700 |
| 5. Farmland Preservation Program. Governor, Senate, and House recommended an additional \$305,600 in restricted fund support of farmland preservation efforts. | 305,600 |
| 6. Intercounty Drain Mapping Project. Governor, Senate, and House recommended a one-time appropriation of \$250,000 GF/GP to fund a project with the Michigan Association of County Drain Commissioners to establish a state standard drainage infrastructure mapping tool. | 250,000 |
| 7. Department Operations. Governor, Senate, and House recommended an increase of 1.0 FTE and \$187,700 GF/GP for department operations. | 187,700 |
| 8. Pesticide and Plant Pest Management. Governor, Senate, and House added \$142,200 GF/GP. | 142,200 |

9. Efficiencies and reduction adjustments. Governor, Senate, and House included a technical reduction in Environmental Stewardship (\$469,000) and for the completion of FY 2016-17 lump-sum payments (\$407,300).	(876,300)
10. Vital Agriculture Infrastructure Grant. Governor, Senate, and House recommended the elimination of one-time appropriation of \$220,000 GF/GP for an agriculture bridge infrastructure project.	(220,000)
11. Grape and Wine Council. Governor, Senate, and House recommended the elimination of one-time appropriation of \$170,000 GF/GP for the Wine and Grape Council.	(170,000)
12. Remove FY 2016-17 Supplemental Appropriations. PA 340 of 2016 provided \$1,805,600 in restricted revenue support for MAEAP.	(1,805,600)
13. Technical Adjustments for Actual Revenue Received.	1,966,000
14. Unclassified Salaries. Economic adjustment.	16,400
15. Economic Adjustments. Includes \$1,067,100 Gross and \$732,500 GF/GP for economic adjustments.	1,067,100
<u>Conference Agreement on Items of Difference</u>	
16. Agricultural Industry Research and Development. Governor, Senate, and House included \$399,000 for animal agriculture initiative (a \$500,000 reduction). Governor and Senate included \$1.5 million for tree fruit commission (a \$1.0 million increase); House \$1.25 million. House included \$1.5 million for a fruit and vegetable campus teaching lab and both House and Senate included \$1.2 million for a mobile teaching lab. Conference included \$2.5 million for animal agriculture initiative, \$3.2 million for fruit and vegetable campus/mobile labs, \$1.2 million for fruit and vegetable campus/mobile labs workforce development initiative and \$1.5 million for tree fruit commission. Total for FY 2017-18 - \$8.4 million GF/GP.	7,001,000
17. Food Bank Council of Michigan. Senate recommended a one-time grant to the Food Bank Council of Michigan of \$2.5 million GF/GP. Conference included \$2.0 million	2,000,000
18. Food and Agriculture Investment Program. Governor recommended \$1,243,900 GF/GP increase for a grant program which follows closely the FY 2016-17 \$1.5 million Value-Added Grant Program. Senate added \$2.0 million over the Governor's recommendation for an FY 2017-18 appropriation of \$4,743,900 GF/GP. House reduced Governor's increase by \$243,900. Conference concurred with Senate.	3,243,900
19. Food Safety. Conference included \$150,000 GF/GP for education and training of proper management of draft beer delivery systems. Governor vetoed this appropriation per his veto of boilerplate section 402.	0
20. Enhanced Wildlife Risk Management. Governor and Senate recommended one-time funding of \$1.0 million GF/GP for local conservation districts in Alpena County to assess cattle farms and implement practices to prevent the spread of bovine tuberculosis. House included \$500,000. Conference concurred with Governor and Senate.	1,000,000
21. Double Up Food Bucks - Statewide. Governor and House recommended one-time funding of \$750,000 GF/GP to bring the program to targeted areas throughout the State. Senate did not include. Conference concurred with Senate.	0
22. Drinking Water Declaration of Emergency. Governor and House recommended one-time funding of \$680,100 Gross (\$680,000 GF/GP) for providing Double Up Food Bucks program in the city of Flint (\$380,100) and to perform water tests at local food service establishments (\$300,000). Senate did not include. Conference included \$100 placeholder.	100
23. Right to Farm Program. Governor and Senate recommended an additional 2.5 FTEs and \$384,000 GF/GP to handle increased workload of Right to Farm program. House reduced increase by \$130,000. Conference concurred with Governor and Senate.	384,000
24. Intercountry Drain Program. Governor and Senate added \$315,100 in GF/GP funds to increase staff and resources for program operations. House reduced increase by \$130,000. Conference concurred with Governor and Senate.	315,100

25. Animal Disease Prevention and Response. Governor and House added \$164,700 GF/GP to enhance disease prevention and response. Senate added another \$97,000 GF/GP. Conference concurred with Governor and House.	164,700
26. Advanced Deposit Wagering. Senate added a \$100 placeholder appropriation for advanced deposit wagering. Conference did not concur.	0
27. Albion Equestrian Center. Senate added a one-time \$100,000 GF/GP grant for the Albion Equestrian Center. Conference concurred. Governor vetoed this item.	0
28. Festival and Events. House included a \$100 placeholder. Conference did not include.	0
29. Qualified Forest Program. House included a reduction of \$346,100. Conference did not concur.	0
30. County Fairs, Shows and Expositions Grants. Governor recommended the reduction of \$169,500 GF/GP for the Grant program, leaving a FY 2017-18 recommended appropriation of \$300,500 GF/GP. Senate did not concur and added \$179,300 over current year, for an FY 2017-18 appropriated amount of \$649,300 GF/GP. House reduced Governor's recommendation by \$100. Conference concurred with Senate.	179,300
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Total Changes	\$18,541,700
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FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$114,448,600
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Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Technology Use.** Governor, Senate, and House struck language requiring use of technology in licensing and registration using a secure web portal. (Sec. 303)
2. **Value-Added Grants.** Governor, Senate, and House eliminated a boilerplate section that provided guidelines and procedures for a Value-Added Grants program which including a competitive grant program and a Food and Agriculture Investment Program. (Sec. 701)
3. **Rural Development Fund Grants.** Governor, Senate, and House eliminated a boilerplate section requiring work with the Rural Development Fund board to establish a process and criteria for the program. (Sec. 702)
4. **County Fairs, Show and Expositions Grant Program.** Governor, Senate, and House amended language to substitute "expositions" in place of any reference to "exhibitions" and modifies guidelines. (Sec. 805)

Conference Agreement on Items of Difference

5. **Draft Beer Delivery Systems.** Conference included language providing for a grant of \$150,000 for the purpose of training and education related to maintenance and management of draft beer delivery systems. (Sec. 402) **Governor vetoed this section.**
6. **Food Safety Modernization Act.** Governor and Senate struck language providing guidelines for implementing Food Modernization Act, funding, and to require a report. House included language. Conference concurred with House.(Sec. 403)
7. **Animal Indemnity.** Governor and Senate amended a section by modifying guidelines for animal indemnity payments, eliminating some language duplicative of statute and modified reporting requirements. House amended language to require all indemnity payments be reported. Conference concurred with House. (Sec. 453)
8. **Bovine TB Monitoring.** Governor and Senate amended language to update guidelines per a more recent MOU between the USDA and the MDARD. House did not update. Conference concurred with Governor and Senate. (Sec. 454)
9. **Bovine TB Risk Mitigation.** House included language guidelines for bovine TB risk mitigation efforts to include a grant matching requirement and \$20,000 dedicated to assist apiaries. Conference concurred, but removed matching requirement. (Sec. 461)

10. **Food and Agriculture Investment Program.** Governor, Senate, and House added a new boilerplate section providing guidelines for a new agriculture investment program which would include the allowance to spend funds for grants, loans or loan guarantees, infrastructure development, other economic assistance, program administration and export assistance and promotion. Senate added a limit of 10% on administration costs and limited export activity language. House added examples for grants. Conference concurred with Senate and House changes. (Sec. 701)
11. **Drinking Water Declaration of Emergency.** Governor and House added a new boilerplate section which provides guidelines for the expenditure of part 1 appropriations for Drinking Water Declaration of Emergency, including the operation of Double Up Food Bucks program and the water testing at local food establishments in the emergency-declared area. The Senate did not include this boilerplate section. Conference did not include. (Sec. 901)
12. **Agriculture Industry Research and Development.** Conference included new language requiring the appropriation for Agriculture Industry Research and Development to be spent as follows: Animal Agriculture Initiative, \$2.5 million; Fruit and Vegetable Campus/Mobile Labs, \$3.2 million; Fruit and Vegetable Campus/Mobile Labs Workforce and Development Initiative, \$1.2 Million; Tree Fruit Commission, \$1.5 million (sec. 901)

Date Completed: 7-19-17

Fiscal Analyst: Bruce Baker



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CONTENT

Article II of the conference report for HB 4323 includes an FY 2016-17 supplemental appropriation of \$1,100 for eleven new capital outlay planning authorization line items and \$1,300 for thirteen construction authorizations.

Capital outlay is a two-step legislative process that is delineated in Section 242 of the Management and Budget Act (Public Act 431 of 1984). Planning and construction authorizations are implemented through \$100 line-items in appropriation bills. Planning authorizations are not a commitment on the part of the Legislature to appropriate funds for the completion of any project. A \$100 line-item planning authorization effectively gives permission for an institution or State agency to develop program statements and schematic planning documents. Those documents are then submitted to the Department of Technology, Management, and Budget (DTMB) for review and approval. Projects that are approved for construction by DTMB are then submitted to the Joint Capital Outlay Subcommittee (JCOS) for its approval. Subsequent to DTMB and JCOS approval, the Legislature may authorize a project for final design and construction with a line-item appropriation in an appropriation bill (construction authorization).

FISCAL IMPACT

The actual State share of a project's cost, if eventually authorized for construction, is funded through State Building Authority (SBA) bonding. State Building Authority rent payments are appropriated annually in the General Government budget to cover the debt service costs of the bonds. Boilerplate (Sec. 301) provides authorization for the mechanism that funds the State share of project costs through the SBA pursuant to the requirements of 1964 PA 183, MCL 830.411 to 830.425.

Planning Authorizations. Table 1 provides a listing of planning authorizations included in the conference report, including the estimated total cost, State share, institution share, and estimated annual SBA rent payments (debt service). If all of the planning authorizations contained HB 4323 eventually receive construction authorizations, the total cost of the projects (not including the Northern Satellite Psychiatric Facility) would be \$187.6 million, with a State share of \$88.5 million. Annual SBA rent payments would be approximately \$6.6 million until the bonds are retired (approximately 17 years).

Construction Authorizations. Table 2 contains a listing of projects authorized for construction included in the conference report, including the total authorized cost, State share, institution share, and estimated annual SBA rent payments (debt service). The construction authorizations result in total authorized costs of \$642.3 million, with the State share totaling \$376.8 million. Annual SBA rent payments (debt service) will total approximately \$28.3 million until the bonds are retired (approximately 17 years).

Date Completed: 7-19-17

Fiscal Analyst: Bill Bowerman

HILITES & WEBDOCS\FY 2016-17\5. Conference Report\Hlcap_cr.docx

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

Table 1: Planning Authorizations

<u>Institution/Project</u>	<u>Total Cost</u>	<u>State Share</u>	<u>Institution Share</u>	<u>Estimated Debt Service</u>
Michigan State - STEM Teaching and Learning Facility	\$72,500,000	\$29,870,000	\$42,630,000	\$2,240,300
Saginaw Valley - College of Business & Management Exp.	17,500,000	9,800,000	7,700,000	735,000
Wayne State - STEM Innovation Learning Center	29,500,000	14,750,000	14,750,000	1,106,300
Subtotal - Universities	\$119,500,000	\$54,420,000	\$65,080,000	\$4,081,600
Alpena - Center for Health Sciences and Student Success	\$6,700,000	\$3,350,000	\$3,350,000	\$251,300
Grand Rapids - Applied Technology Center Ren. & Exp.	12,734,500	6,367,200	6,367,300	477,500
Mott - Southern Lakes Branch Center: Rehab./Ren.	8,112,200	4,056,100	4,056,100	304,200
North Central - AD/CL Classroom Ren. & Exp. Learning Space	6,800,000	3,400,000	3,400,000	255,000
Schoolcraft - Applied Science Renovation & Expansion	20,000,000	10,000,000	10,000,000	750,000
St. Clair - Health Sciences AJT - Building Renovation	9,800,000	4,900,000	4,900,000	367,500
Washtenaw - Adv. Trans. Ctr. Addition & Remodeling	4,000,000	2,000,000	2,000,000	150,000
Subtotal - Community Colleges:	\$68,146,700	\$34,073,300	\$34,073,400	\$2,555,500
DHHS - New Northern Satellite Psychiatric Facility	N/A	N/A	N/A	N/A
Subtotal - State Agencies:	\$0	\$0	\$0	\$0
Total SBA Planning Authorizations:	\$187,646,700	\$88,493,300	\$99,153,400	\$6,637,100

Table 2: Construction Authorizations

<u>Institution/Project</u>	<u>Total Cost</u>	<u>State Share</u>	<u>Institution Share</u>	<u>Estimated Debt Service</u>
Central - Center for Integrated Health Studies	\$26,000,000	\$19,500,000	\$6,500,000	\$1,462,500
Eastern - Strong Hall Renovation	39,536,000	29,652,000	9,884,000	2,223,900
Grand Valley - Health & Medical Sc. Lab & Classroom Bldg.	70,000,000	29,000,000	41,000,000	2,175,000
U of M - Ann Arbor - School of Dentistry Ren. & Addition	139,998,000	30,000,000	109,998,000	2,250,000
U of M - Dearborn - Engineering Laboratory Bldg. Replacement	90,000,000	30,000,000	60,000,000	2,250,000
U of M - Flint - Murchie Science Building Expansion	39,000,000	29,250,000	9,750,000	2,193,800
Subtotal Universities:	\$404,534,000	\$167,402,000	\$237,132,000	\$12,555,200
Delta - Saginaw Center	\$12,739,000	\$6,369,500	\$6,369,500	\$477,700
Kirtland - Michigan Forest Products Institute Building	6,100,000	3,050,000	3,050,000	228,800
Muskegon - Health and Wellness Center	14,100,000	5,640,000	8,460,000	423,000
Northwestern - West Hall Innovation Ctr. Ren./Exp.	14,398,000	7,199,000	7,199,000	539,900
West Shore - Technical Center Renovation & Addition	5,378,800	2,151,300	3,227,500	161,300
Subtotal Community Colleges:	\$52,715,800	\$24,409,800	\$28,306,000	\$1,830,700
Capitol Com. - Capitol Restoration/Infrastructure Upgrade	\$70,009,400	\$70,009,400	\$0	\$5,250,700
DHHS - Caro Center Replacement - New Psych. Hospital	115,000,000	115,000,000	0	8,625,000
Subtotal Legislature/State Agencies:	\$185,009,400	\$185,009,400	\$0	\$13,875,700
Total SBA Construction Authorizations:	\$642,259,200	\$376,821,200	\$265,438,000	\$28,261,600

NOTE: With the exception of the State Capitol Project, the Caro Center Replacement, and Kirtland Community College, the projects listed in [Table 2](#) were previously approved for planning by the Legislature, and have been recommended for construction authorization by the DTMB. Planning costs for the Capitol Restoration/Infrastructure Upgrade Project were funded through annual appropriations for the Capitol Building. The Caro Center received a planning authorization as a modernization project with no cost estimate in Public Act 268 of 2016.

N/A: Not available.

SFA 6/16/2017



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	13,803.9	13,803.9	0.0	0.0
GROSS	2,013,479,000	2,001,919,200	(11,559,800)	(0.6)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	2,013,479,000	2,001,919,200	(11,559,800)	(0.6)
Less:				
Federal Funds.....	5,523,700	5,293,800	(229,900)	(4.2)
Local and Private	8,692,800	8,842,400	149,600	1.7
TOTAL STATE SPENDING	1,999,262,500	1,987,783,000	(11,479,500)	(0.6)
Less:				
Other State Restricted Funds.....	36,554,600	41,149,400	4,594,800	12.6
GENERAL FUND/GENERAL PURPOSE	1,962,707,900	1,946,633,600	(16,074,300)	(0.8)
PAYMENTS TO LOCALS	112,638,200	113,888,800	1,250,600	1.1

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation \$2,013,479,000

Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Oncology.** Governor provided for increased caseload and associated specialty care costs for cancer. Senate and House concurred. 2,328,300
2. **Fiscal Year 2018 DTMB Rate Changes.** Impact of new per user fee structure. Senate and House concurred. 1,500,000
3. **One-Time Funding Removal.** Governor eliminated one-time funding for officer academy in FY 2016-17 and ballistic vests. Senate and House concurred. (8,987,400)
4. **Pugsley Facility Closure.** Governor recognized savings from lower than anticipated Pugsley facility closure costs. Senate and House concurred. (800,000)
5. **Unclassified Salaries.** Includes \$53,800 Gross and \$53,800 GF/GP for unclassified salaries. Senate and House concurred. 53,800
6. **Economic Adjustments.** Includes a negative \$5,341,700 Gross and \$5,275,700 GF/GP for OERC and \$17,731,100 Gross and \$17,487,500 GF/GP for other economic adjustments. Senate and House concurred. 12,389,400
7. **Other Changes.** Governor eliminated placeholder for the cost effective housing initiative, removed excess authorization for administrative hearings officers and inmate legal services, aligned authorization with anticipated restricted revenues, adjusted IDGs to account for payroll increases, and funded a rent increase for Grandview Plaza. Senate and House concurred. (501,300)

Conference Agreement on Items of Difference

8. New Custody Staff Training. Governor and House included \$4,359,000 for an officer academy with an expected graduated class of 177 to address higher than anticipated attrition. Senate did not include due to prisoner population decrease. Conference concurred with the Governor.	4,359,000
9. Trinity Food Service Contract. Governor and House funded contractual inflationary adjustment of \$4,036,000. Senate reduced adjustment \$1,632,500 due to prisoner population decrease. Conference reduced adjustment \$1,328,400.	2,707,600
10. Westside Residential Alternative to Prison Program. Governor and House included \$1,500,000 for a new alternative sentencing program for probation violators in thirteen West Michigan counties. Senate did not include. Conference concurred with the Governor.	1,500,000
11. High School Online Equivalency Pilot. Senate included \$3,000,000 for a pilot project for 400 inmates to complete a career-based online high school diploma. Conference funded the pilot at \$1,000,000.	1,000,000
12. Future Facility. Governor and House removed \$100 placeholder for future facility. Senate restored placeholder and increased funding to \$4,362,300 to help fund transition costs to a new facility. Conference included \$1,000,000 for staff transition costs.	999,900
13. Criminal Justice Reinvestment. Governor and House maintained current year funding. Senate increased funding \$2,925,100 for evidence-based programs designed to reduce recidivism. Conference increased funding \$925,100.	925,100
14. Federally Qualified Health Centers. Senate included a pilot program to link parolees and probationers with Federally Qualified Health Centers to ensure their behavioral and physical health needs are addressed. Conference concurred.	75,000
15. Hepatitis C. Governor aligned funding (\$13,199,500 decrease) with anticipated Hepatitis C caseload (F2-F4 metavir scores). Senate reduced funding \$6,767,500 from the Governor due to a decrease in the price of medication. House reduced funding \$5,000,000 from the Governor due to the decrease of the price of the medication. Conference included \$5,000,000 of savings from the Governor.	(18,199,500)
16. Correctional facilities. Senate recognized population savings of \$41,614,300 across all facilities due to prisoner population decrease. Conference recognized targeted savings at facilities with closed housing units.	(6,500,700)
17. Supervising Region Incentive Program. Governor and House eliminated \$2,518,600 ongoing and \$481,300 one-time dedicated funding for the Supervising Region Incentive Program. Senate restored funding and increased funding to a total of \$5,000,000. Conference restored funding to a total of \$1,000,000.	(1,999,900)
18. Health care population savings. Governor and House funded inflationary and cost-per-prisoner contract adjustments of \$3,511,900. Senate recognized total savings of \$9,989,000 from the Governor due to prisoner population decrease. Conference recognized \$4,671,000 in savings from the Governor.	(1,159,100)
19. Residential Services. Conference removed funding from previous year to address a one-time shortfall.	(750,000)
20. Public Safety Initiative. Governor and Senate maintained current year funding. House reduced funding \$3,500,000 for the program. Conference reduced funding \$500,000.	(500,000)
21. County Jail Reimbursement Program. Governor and House maintained current year funding. Senate increased funding for the program. Conference maintained current year funding.	0
22. Education Program. House shifted \$1,500,000 GF/GP to the program and special equipment fund. Conference shifted \$2,500,000 GF/GP to the program and special equipment fund.	0

23. Goodwill Flip the Script. Governor eliminated dedicated funding for Goodwill Flip the Script program. Senate restored funding and increased funding to a total of \$3,000,000. House restored funding to current-year level (\$1,500,000). Conference concurred with the House.	0
24. Leased Beds and Alternatives to Leased Beds. Governor and House maintained current year funding. Senate increased funding for the leased beds program. Conference maintained current year funding.	0
25. Prisoner Reentry MDOC Programs. House increased funding for medication-assisted treatment (MAT) \$500,000 and shifted \$2,000,000 GF/GP to the program and special equipment fund. Conference did not include MAT increase and shifted \$2,500,000 GF/GP to the program and special equipment fund.	0
26. Work for Restitution Program. Senate included funding for crime victims and their families through the offender's work in prison. Conference did not include.	0
27. Wayne County Residential Alternative to Prison program. Governor and House maintained current-year funding. Senate removed funding for the program. Conference maintained current-year funding for the program.	0
28. FY 2017-18 One-Time Gross Appropriations. Conference included \$4,147,000 GF/GP one-time for new custody staff training (item #8 above).	0
Total Changes	(\$11,559,800)
FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$2,001,919,200

Boilerplate Changes from FY 2016-17 Year-to-Date: \$0

Items Included by the Senate and House

1. **Section numbering.** Governor renumbered several sections and edited headings to maintain consistency across all budget areas. Senate and House concurred.
2. **Updated amounts for Total Legacy Costs.** Governor updated total legacy costs section. The pension-related costs are \$145,738,300 and the retiree health care costs are \$137,512,400. (Sec. 214). Senate and House concurred.

Conference Agreement on Items of Difference

3. **Deletions.** The Governor proposed to eliminate the following sections from current-year boilerplate: 206, 212, 214, 239, 405, 411, 412, 417, 419(1), 437, 505, 508, 511, 601, 602, 611, 612, 616, 802, 803, 806, 812, 816, 901, 902, 904, 908, 909, 910, 912, 937, 940, 942, 1000, 1011, and 1201. Senate deleted sections 806, 901, 902, 908, and 1000. House deleted sections 212, 214, 405, 602, 616, 806, 901, 902, 908, 909, 912, 937, 940, 1000, 1011, and 1201. Conference deleted sections 616, 806, 901, 902, 908, 909, and 1000. These deletions include, among other things, language regarding parole board policies, mental health services, one-time appropriations, and career-based training for prisoners.
4. **Definitions.** Eight definitions were eliminated from the bill. Senate restored all definitions except for "IDG" and "MDSP", updated the definition for "Recidivism", and added a new definition for "Federally qualified health center". House restored all definitions. Conference concurred with the Senate.
5. **Reporting requirements.** Governor reduced the frequency of reporting for vendor contract compliance (Sec. 307), prisoner populations (Sec. 419), parole review (Sec. 422), and Hepatitis C treatment (Sec. 807). Added threshold to Sec. 307 to report contracts of value \$5 million or more. Senate retained reporting frequency of sections 307, 419, 422, and 807. Senate reduced threshold in Sec. 307 to \$500,000. House concurred with Governor on section 307, and retained reporting frequency of sections 419, 422, and 807. Conference concurred with the Senate.
6. **Governor additions.** Governor added sections to assist the State Court Administrative Office with data compilation for the Swift and Sure Sanctions Program (Sec. 247), and to implement the Westside Residential Alternative to Prison program (Sec. 617). Senate concurred with Sec. 247 and removed Sec. 617. House concurred on both sections. Conference concurred with the Governor.

7. **Senate additions.** Senate added sections pertaining to agricultural programs (Sec. 434), dependent health insurance coverage (Sec. 805), psychotropic medication availability (Sec. 814), correctional officer fitness (Sec. 901), inmate places of worship (Sec. 1010), and a family participation study (Sec. 1012). Conference did not include any of the sections. Senate also added sections pertaining to Michigan State Industries (Sec. 311), reentry services (Sec. 403), matching parolees with employers (Sec. 404), a federally qualified health centers pilot (Sec. 406), matching released inmates to local mental health care providers (Sec. 426), criminal justice reinvestment programs (Sec. 604), staff transition costs (Sec. 902) an online high school pilot (Sec. 908), and faith-based reentry initiatives (Sec. 1013). Conference concurred with these additions.
8. **House additions.** House added sections pertaining to youth inmates (Sec. 930), correctional facility closure savings (Sec. 943), correctional facility closure considerations (Sec. 944), and the prison food service contract (Sec. 945). Conference concurred on all sections.
9. **Leased beds and alternatives to leased beds.** (Sec. 905) Conference added a section governing the leased beds and alternatives to leased beds program.

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	597.5	603.5	6.0	1.0
GROSS	346,501,400	351,181,200	4,679,800	1.4
Less:				
Interdepartmental Grants Received	0	0	0	0
ADJUSTED GROSS	346,501,400	351,181,200	4,679,800	1.4
Less:				
Federal Funds.....	252,248,100	254,084,700	1,836,600	0.7
Local and Private	7,591,400	7,851,500	260,100	3.4
TOTAL STATE SPENDING	86,661,900	89,245,000	2,583,100	3.0
Less:				
Other State Restricted Funds.....	8,380,700	8,567,600	186,900	2.2
GENERAL FUND/GENERAL PURPOSE	78,281,200	80,677,400	2,396,200	3.1
PAYMENTS TO LOCALS	19,176,000	14,367,700	(4,808,300)	(25.1)

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$346,501,400
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. Child Development and Care External Support. Governor/House/Senate/Conference** increased Federal funding to external support. Of the total, \$1,365,500 is to monitor and support 'license exempt' providers who are giving care in their own home or related child's home, and \$800,000 is for Licensing and Regulatory Affairs to review the background check results that come from the FY 2016-17 supplemental request. The increase is part of the reauthorization agreement of the Federal discretionary block grant. 2,165,500
- 2. Building Occupancy Charges Fund Shift. Governor/House/Senate/Conference** included a fund shift due to the Federal funds becoming unavailable to support Building Occupancy Charges within the Hannah Building and replaced those funds with \$56,700 GF/GP. 0
- 3. Article XX Supplemental Removal. Governor/House/Senate/Conference** removed PA 107 of 2017, Article XX supplemental funding, which included \$8.6 million for LARA to perform background and fingerprint checks for all employees of child care providers, \$5.9 million to increase the hourly child development and care reimbursement rate, and \$1.0 million for CDC caseload adjustments from the May, 2017 CREC. Of the total \$14,526,200 appropriations, \$12,426,200 was Federal funds and \$2.1 million was GF/GP. (14,526,200)
- 4. Drinking Water Declaration of Emergency. Governor/House/Senate/Conference** removed the Federal funding from the Drinking Water Declaration of Emergency line item in one-time appropriations. The \$100 Drinking Water Declaration of Emergency Reserve Fund place holder is still included to allow transfers of additional funding in the event that it is needed in FY 2017-18. (8,050,000)
- 5. Removal of FY 2016-17 One-Time. Governor/House/Senate/Conference** removed FY 2016-17 one-time appropriations, which included \$4.5 million for statewide school drinking water testing reimbursement, which was transferred to School Aid under Governor's recommendation, and \$500,000 for certification fee support. This funding was all GF/GP. (5,000,000)
- 6. Renaissance Zone Reimbursement. Governor/House/Senate/Conference** reduced Renaissance Zone reimbursement to libraries due to the phase out and expiration of existing zones over the past few years resulting in significant lapses at the end of each year. This funding is all GF/GP. (2,000,000)

- 7. **Federal State Assessment Funding. Governor/House/Senate/Conference** reduced funding as a result of a \$2.0 million in reduction in Federal funding for the Office of Assessment and Accountability. This reduction was partially offset by a \$1.0 million Federal grant to improve State assessments to measure student growth and achievement. (1,000,000)
 - 8. **Lump Sum Removal. Governor/House/Senate/Conference** included a lump-sum removal from Information Technology, Michigan Administrative Hearing System, and Child Care and Development Fund, of which \$123,500 of the decrease was GF/GP. (667,900)
 - 9. **FTE Increase and Transfer. Governor/House/Senate/Conference** increased the Field Office by 2.0 FTEs for a Nonpublic Schools Ombudsman and a Foster Care Liaison due to requirements under the Federal Every Student Succeeds Act. No funding was included with the FTE increase. 5.0 FTEs and their corresponding funding moved from the Office of Improvement and Innovation to the Michigan Schools for Deaf and Blind operations line item. 0
 - 10. **Economic Adjustments.** Gross economic increase of \$1,494,900 and \$329,500 GF/GP. 1,494,900
- Conference Agreement on Items of Difference
- 11. **Child Development and Care Public Assistance. Governor/House** increased appropriations in order to increase child care provider reimbursement rates to the 75th percentile of the market rate. Of the total increase, \$18.8 million is Federal funding and \$8.4 million is GF/GP. **Senate** increased appropriations \$3.4 million Gross (\$1.3 million GF/GP) less than Governor due to increasing the reimbursement rates based on star quality instead of flat increases. Of the total increase, \$1.0 million in Federal dollars is appropriated to the TEACH scholarship program. **Conference** increased Gross appropriations \$22.9 million (\$8.4 GF/GP) to reflect a modified tiered reimbursement rate and May, 2017 CREC. 22,930,000
 - 12. **TEACH Scholarship. Conference** included \$1.0 million in Federal funds for the TEACH scholarship program, which gives scholarships to employees of early childcare providers. 1,000,000
 - 13. **Child Development and Care Entry Threshold. Senate/Conference** increased the child development and care unit using Federal funds to increase the entry threshold from 125% to 130% of the Federal Poverty Level. 5,500,000
 - 14. **State Aid to Libraries. Senate** increased total State aid to libraries to \$12,726,000 GF/GP. This represents a 29% increase that brings the per capita payments from \$0.32 to over \$0.40. **Conference** increase total state aid to libraries to \$11,067,700 GF/GP, which represents a 12% increase and the per capita payment around \$0.36. 1,191,700
 - 15. **State Assessment Support. Governor** increased GF/GP to the Assessment and Accountability Office by \$2.55 million to fill 10 currently vacant positions as a result of declining Federal dollars in the Assessment and Accountability Office over the past decade. **Senate/Conference** increased GF/GP \$1.55 million less than Governor to only cover the Federal losses projected for FY 2017-18. 1,000,000
 - 16. **Partnership District Support/Academic Early Warning and Intervention. Governor/Conference** created this office with 4.0 FTEs, funded from GF/GP, to support partnership liaisons to work with districts to identify need, develop intervention plans, and coordinate public, private, and non-profit resources to drive school improvement. **Senate** placed \$641,700 GF/GP into Academic Early Warning and Intervention for use outlined in Section 1030. **House** did not include. 641,800

Total Changes \$4,679,800

FY 2017-18 Initial Ongoing/One-Time Gross Appropriation \$351,181,200

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. **Deleted Sections. Governor/House/Senate/Conference** deleted a number of sections, which include: 1010 (drinking water declaration of emergency funding work project), 1102 (voluntary water testing reimbursement), and 1201 (legislative intent for second year appropriations).

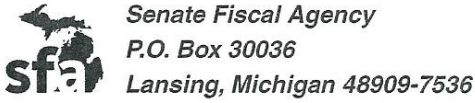
2. **Reports Deleted by the Governor and Retained by Senate/House.** **Governor** deleted and **Senate/House** retained a number of sections related to reporting, which include: 223 (retention of all reports), 227 (responding to requests from the Leg. and report dates within 30 days), and 1003 (Early Childhood Investment Corporation report).
3. **Other Sections Deleted by the Governor and Retained by the Senate.** **Governor** deleted a number of other sections that **Senate/House** retained, which include: 219 (identify GSRP student on the kindergarten entry exam), 221 (sexual misconduct retention), 222 (protects employees who testify to the Legislature), 302 (State Board travel expenditure cap), 325 (notification of grants received), 502 (allow substitute teaching hours to qualify for teaching credit), and 803 (legislative intent to keep the Library of Michigan whole).
4. **Child Development and Care External Support.** **Governor/House/Senate/Conference** included a new section that specifies that increasing funding to child development and care external support be used to work with the Department of Licensing and Regulatory Affairs to provide finger printing services and background checks on all employees of child care providers as required by new requirements from the Federal grant. (Sec. 1005)
5. **Technical Modifications.** **Governor/Senate/House** made a number of modifications that include date changes, spending changes to reflect part 1 appropriations, legacy cost estimates, and standardized section language. (Sec. 201, 207, 212, 214, 503, 801, 804)

Conference Agreement on Items of Difference

6. **Section Deleted by the Governor and Retained by the Conference:** **Governor** deleted and **Conference** retained a number of sections, which include: 229 (notification of entering \$1.0 million contracts and Federal accountability plans, 230 (nonpublic school mandate report), and 1001 (child care provider report, revised to annual average).
7. **Deleted Sections.** **Conference** deleted a number of sections, which include: 216 (appeals to Adequate Yearly Progress status), 228 (requires consideration of issuing a request for information prior to issuing a request for proposals for contracts over \$1.0 million), and 1101 (drinking water declaration of emergency).
8. **Special Education Taskforce.** **Governor** and **Senate** modified the special education taskforce section to change distributing information to parents of newly identified students with special needs instead of all parents annually. The **House/Conference** retained current law. (Sec. 350)
9. **At-Risk Funding Report.** **Governor/House** changed the report on implementation of multi-tiered systems of support for schools that receive at-risk funding from K-3 to grades K-8. **Senate/Conference** required the report to include implementation of multi-tiered systems of support for grades 4 to 8, and reading intervention services for grades K to 3 in accordance with the 3rd grade reading requirements passed in PA 306 of 2016. (Sec. 701)
10. **Child Development and Care Public Assistance - Reimbursement Rate Increase.** **Governor/House** proposed a broad outline to use the increased child development and care public assistance funding to increase the child care reimbursement rate. **Senate** proposed language on \$23.8 million of the program to be used for the following: \$1.0 million toward the TEACH scholarship program, with the remaining funding to provide increases in the reimbursement rate in accordance with the tiered reimbursement system that is aligned with the quality star rating system. The section also requires that the Department publish the new reimbursement rates on the web. **Conference** included a revised tiered reimbursement rate and the TEACH scholarship. (Sec. 1002 & 1004)
11. **Child Development and Care Public Assistance - Entry Threshold.** **Senate/Conference** increased the entry threshold from 125% to 130% of the Federal poverty level using \$5.5 million in Federal funds. (Sec. 1009)
12. **Provider Licensor Activity Report.** **Governor/House** modified the provider licensor activity report to average activity during the year instead of individual FTE activity. **Senate/Conference** only modified the activity report to include the number of providers that have improved their quality rating by each regional prosperity zone. (Sec. 1007)
13. **Academic Early Warning and Intervention.** **Senate** included a new section that requires that funds can only be used if they are transferred to the partnership district support. **Conference** did not include (Sec. 1030)
14. **Grant Info.** **Conference** included a new section that requires that the Department to list all grants in the school aid act on the Department's webpage and ensure an open application process for all grants. (Sec.225)

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,237.0	1,239.0	2.0	0.2
GROSS	620,336,400	508,767,700	(111,568,700)	(18.0)
Less:				
Interdepartmental Grants Received	9,225,700	3,100,500	(6,125,200)	(66.4)
ADJUSTED GROSS	611,110,700	505,667,200	(105,443,500)	(17.3)
Less:				
Federal Funds.....	239,022,800	170,042,600	(68,980,200)	(28.9)
Local and Private	555,300	555,300	0	0.0
TOTAL STATE SPENDING	371,532,600	335,069,300	(36,463,300)	(9.8)
Less:				
Other State Restricted Funds.....	322,259,200	287,825,300	(34,433,900)	(10.7)
GENERAL FUND/GENERAL PURPOSE	49,273,400	47,244,000	(2,029,400)	(4.1)
PAYMENTS TO LOCALS	3,750,000	4,531,000	781,000	20.8

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$620,336,400
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- Lead and Copper Rule Program.** The Governor provided additional \$2.6 million GF/GP and 17.0 new FTEs to support the Department's compliance efforts with the Federal Lead and Copper Rule. The House and Senate did not include this item. The Conference included \$1.3 million and 9.0 FTEs. 1,300,000
- Water State Revolving Funds.** The Governor, House, and Senate provided additional Federal authorization to reflect availability of funds. This program, formerly called the Water Pollution Control and Drinking Water Revolving Fund, receives Federal funds and State match which provide grants and loans to local units of government for improvements to drinking water and wastewater infrastructure. Additional GF/GP and loan repayment revenue was included to provide necessary State match to draw down these funds. Total funding is \$120.0 million. 35,007,000
- Energy Regulation Package.** The Governor, House, and Senate included Public Utility Assessment revenues to support one additional FTE to perform the Department's duties under PA 341 of 2016. 150,000
- Strategic Water Quality Initiatives Grants and Loans.** The Governor, House, and Senate reduced this program to \$62.0 million to reflect availability of funds. Revenue for the program is derived from bond sales authorized under Proposal 2 of 2002. (35,000,000)
- Remove FY 2016-17 Supplemental and One-Time Appropriations.** The Governor, House, and Senate removed a number of these items that were not included as part of the Department's base budget, including \$100.0 million in Federal WIIN Act funds. (118,575,100)
- Other Changes.** The Governor, House, and Senate included various technical changes including reductions to over-appropriated restricted and Federal funds, reclassification of an interdivisional charge, removal of lump sum payments to employees, and increased rent costs. (3,955,400)

7. **Economic Adjustments.** Includes a negative \$613,900 Gross and a negative \$110,800 GF/GP for OPEB and \$3,345,800 Gross and \$633,900 GF/GP for other economic adjustments. 2,731,900

Conference Agreement on Items of Difference

8. **Vapor Intrusion Program.** The Governor provided \$1.4 million in GF/GP and laboratory services fees, and 4.0 additional FTEs for the establishment of a vapor intrusion program. The program will address public health concerns stemming from chemicals in soil that manage to leak into basements and building foundations. The Senate did not include this item. The House did not include the GF/GP portion of this program, but did include \$122,800 in laboratory fee spending authority. The Conference included the laboratory fees and \$300,000 GF/GP. 422,800

9. **Communications and Public Affairs Office.** The Governor and Senate provided \$708,400 GF/GP and 3.0 additional FTEs for the establishment of a communications and public affairs office that would provide a liaison between technical staff and the public. The House did not provide this increase. The Conference provided \$350,000 GF/GP and 2.0 FTEs. 350,000

10. **Drinking Water Declaration of Emergency.** The Governor and House included \$1.0 million GF/GP in support for technical assistance the Department is funding at Flint's water treatment plant. The Senate did not include this item. The Conference did not include GF/GP, but included a \$100 placeholder from the Drinking Water Declaration of Emergency Reserve Fund. 100

11. **Oil, Gas, and Mineral Services.** The Governor, Senate, and Conference included additional GF/GP funding to support this program, which regulates the extraction of natural resources in Michigan. Low fuel prices have created a structural funding deficit in the program. The House did not include this item. 4,000,000

12. **Drill Core Storage Facility.** The Senate and Conference included \$500,000 GF/GP for the replacement of a facility in upper Michigan where drill core samples are stored. The House did not include this item. 0

The Governor vetoed this item.

13. **Emergency Cleanup Actions.** The Senate and Conference removed all Refined Petroleum Fund appropriations from this item. After the change, \$3.0 million from the Cleanup and Redevelopment Fund would remain. The House did not include this reduction. (1,000,000)

14. **Manufactured Housing Community Regulation.** The Governor and House included \$500,000 GF/GP and 3.0 FTEs to support new regulations on drinking water and wastewater systems in manufactured housing communities. The Senate and Conference did not include this item. 0

15. **Clean Michigan Initiatives - Response Activities.** The Governor removed \$14.9 million in CMI funds for response activities at environmental cleanup sites to reflect availability of revenues. CMI funds are dwindling, generally, and have been exhausted in this particular area, as provided by statute. These funds were replaced with a like amount of Refined Petroleum Fund, albeit on a one-time basis. The Senate removed the excess CMI appropriation, but did not supplant those funds with RPF. The House and Conference included the RPF, but for the purpose of the cleanup of leaking underground storage tanks, rather than general Part 201 cleanups. 0

16. **Air Quality Program - Fund Shift.** The Governor, Senate, and Conference removed \$1.4 million in Environmental Pollution Prevention Fund revenue that is no longer available and replaced it with GF/GP. The House did not include this item. 0

17. **Recycling Initiative Reduction.** The House reduced GF/GP support for this program from \$1.0 million to \$861,800. The Conference did not include this reduction. 0

18. **Employee Legal Costs.** The Conference included \$3.0 million from the Lawsuit Settlement Proceeds Fund to cover legal costs for former employees related to the Flint water crisis. 3,000,000

Total Changes (\$111,568,700)

FY 2017-18 Initial Ongoing/One-Time Gross Appropriation \$508,767,700

Boilerplate Changes from FY 2016-17 Year-to-Date:Items Included by the Senate and House

1. **Communication with the Legislature.** The Governor removed and House and Senate retained a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 220)
2. **Rule Promulgation - Small Business Impact.** The Governor removed and House and Senate retained a prohibition against the promulgation of rules that would have a disproportionate impact on small businesses. (Sec. 221)
3. **Clean Michigan Initiative Report.** The Governor removed and House and Senate retained a report that requires various information about projects funded with bond proceeds from the Clean Michigan Initiative. (Sec. 235)
4. **Refined Petroleum Fund Repayment.** The Governor removed and House and Senate retained a statement of legislative intent that the \$70.0 million transferred to the Environmental Protection Fund from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305)
5. **PFC Workgroup.** The Governor, House, and Senate removed a section requiring a workgroup to study the effects of exposure to perfluorinated compounds and to establish cleanup criteria. (Sec. 312)
6. **Vapor Intrusion Program.** The Governor included new a new section establishing performance metrics for the new vapor intrusion program. The House and Senate did not include this section. The Conference included this item. (Sec. 313)
7. **Lead and Copper Rule Technical Assistance Metrics.** The Governor included a new section containing metrics for the additional staff and funding for Lead and Copper Rule technical assistance. The House and Senate did not include this section. The Conference included this item. (Sec. 604)

Conference Agreement on Items of Difference

8. **Clean Michigan Initiative Report.** The Governor and Senate removed, and House and Conference retained a report on the projects funded through Clean Michigan Initiative bond proceeds. (Sec. 235)
9. **Legal Costs Related to Flint Water Crisis.** The Senate included a new section requiring the Department to cover legal costs for current and former Department employees named in lawsuits and investigations related to the Flint water crisis. The Conference included this item. (Sec. 237)
10. **Refined Petroleum Fund Site List.** The Governor, House, and Senate removed a section detailing the RPF sites that would be funded in the budget. The Conference included a modified version of this section, requiring a report rather than specifically listing the sites. (Sec. 306)
11. **Refined Petroleum Fund - Reimbursements.** The House and Conference included a section allowing up to \$36.0 million from the RPF to be used for reimbursements to owners and operators of underground storage tanks who have performed corrective actions on leaking tanks, but who are not eligible for reimbursement under the Michigan Underground Storage Tank Authority program. (Sec. 314)
12. **Water Quality and Use Initiative - Spending Plan.** The Governor, Senate, and Conference removed a requirement that a spending plan be established for this program. The House retained this section. (Sec. 402)
13. **Western Lake Erie Collaborative Agreement.** The Governor and House removed a reporting requirement on the implementation plan for the Agreement. The Senate and Conference retained this section and added additional specifications to the report. (Sec. 410)
14. **Kalamazoo River Superfund Site.** The House and Conference included a new section that would earmark \$150,000 in CMI Contaminated Sediments funding for an engineering study pertaining to this site. (Sec. 411)
15. **Stormwater, Asset Management, and Wastewater (SAW) Grant Report.** The House included a new report on expenditures made under this program. The Conference did not include this item. (Sec. 606)
16. **Flint Water Crisis Expenditure Report.** The Governor removed a section that requires various information about expenditures made in relation to the Flint water crisis. The Senate and Conference retained the section and updated it to reflect additional appropriations made since last year. The House included a similar report, but the Conference utilized the Senate language. (Sec. 236)

Date Completed: 7-19-17

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General Government Budgets
Total Gross and GF/GP Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	8,720.7	8,541.7	(179.0)	(2.1)
GROSS	5,029,920,500	5,043,406,200	13,485,700	0.3
Less:				
Interdepartmental Grants Received	762,544,000	782,493,800	19,949,800	2.6
ADJUSTED GROSS.....	4,267,376,500	4,260,912,400	(6,464,100)	(0.2)
Less:				
Federal Funds.....	827,400,500	807,906,500	(19,494,000)	(2.4)
Local and Private	20,665,500	23,577,600	2,912,100	14.1
TOTAL STATE SPENDING.....	3,419,310,500	3,429,428,300	10,117,800	0.3
Less:				
Other State Restricted Funds.....	2,170,926,800	2,183,798,700	12,871,900	0.6
GENERAL FUND/GENERAL PURPOSE.....	1,248,383,700	1,245,629,600	(2,754,100)	(0.2)
PAYMENTS TO LOCALS	1,458,192,100	1,476,814,400	18,622,300	1.3

*As of July 14, 2017.

See Individual Highlight Sheet for Department Detail

General Section Boilerplate Changes from FY 2016-17 Year-to-Date:Items Included by the Senate and House

1. **Transparency Report.** The **Governor** removed the requirement that each department update their webpages quarterly. The **Senate/House** retained the quarterly update requirement. (Sec. 211)
2. **Retention of Reports.** The **Governor** deleted and **Senate/House** retained the requirement that all departments and agencies retain all reports funded from appropriations in Part 1. (Sec. 216)
3. **Communications with Legislators.** The **Governor** deleted and **Senate/House** retained the prohibition of departments taking disciplinary action against employees communicating with Legislators or their staff. (Sec. 218)
4. **General Fund Restrictions.** The **Governor** deleted and **Senate/House** retained prohibition on the departments from using General Fund appropriations where Federal and Private Funds are available for the same purpose. (Sec. 217)
5. **Policy Change Reporting Requirement.** The **Governor** deleted and **Senate/House** retained a report due April 1 that requires each department to specify policy changes made in order to implement enacted legislation. (Sec. 221)
6. **Contingency Plan for Federal Reductions.** The **Governor** deleted and **Senate/House** retained requirements 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)
7. **Technical Modification.** The **Governor/Senate/House/Conference** made a number of technical adjustments such as revised dates, spending totals, and definitions. (Secs. 201, 202, 203, 213, 212, and 240)

Conference Agreement on Items of Difference

8. **Budget Stabilization Fund.** The **Governor** deposited \$175.0 million to the budget stabilization fund and also recommends the deposit of 25% of the FY 2016-17 GF/GP unassigned ending balance, which is estimated to increase the closing balance to \$1,001.1 million for FY 2017-18. The **House** deposited \$266.5 million into the fund. The **Senate** deposited zero dollars into the fund and deleted the language requiring 25% deposited of unassigned ending balance. The **Conference** deposited \$150 million into the BSF and no 25% Lang. (Sec. 210)
9. **Auditor General Recommendation.** The **Governor** deleted and **House** maintained the requirement that departments report within six months after an audit with implementation of any identified initiatives related to savings and efficiencies found by the Auditor General. The **Senate/Conference** retained current law 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)
10. **Federal and State Restricted Funds for Special Maintenance and Enterprisewide IT.** The **Senate/Conference** deleted two sections that allow departments to appropriate Federal and Restricted funds that become available for Special Maintenance and Enterprise-wide IT investments that are undertaken with funds in part 1 without requiring a Legislative Contingency Fund Transfer. (Secs. 233 & 234)

Date Completed: 7-19-17



Senate Fiscal Agency
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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	531.0	530.0	(1.0)	(0.2)
GROSS	105,362,100	101,198,800	(4,163,300)	(4.0)
Less:				
Interdepartmental Grants Received	30,075,400	29,915,300	(160,100)	(0.5)
ADJUSTED GROSS	75,286,700	71,283,500	(4,003,200)	(5.3)
Less:				
Federal Funds.....	10,153,700	9,518,000	(635,700)	(6.3)
Local and Private	530,000	0	(530,000)	(100.0)
TOTAL STATE SPENDING	64,603,000	61,765,500	(2,837,500)	(4.4)
Less:				
Other State Restricted Funds.....	21,762,500	21,516,900	(245,600)	(1.1)
GENERAL FUND/GENERAL PURPOSE	42,840,500	40,248,600	(2,591,900)	(6.1)
PAYMENTS TO LOCALS	0	0	0	0

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$105,362,100
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. Removal of FY 2016-17 One-Time Appropriation. Governor:** Removed GF/GP funding of \$4.4 million provided as follows: \$3.0 million for legal defense costs; \$700,000 for Prescription Drug Abuse program; and \$700,000 for the Juvenile Life Without Parole litigation costs. **Senate and House:** Concurred with Governor. (4,400,000)
- 2. Removal of FY 2016-17 Lump Sum Payments. Governor:** Removed funding totaling \$618,000 (\$245,700 GF/GP) for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17. **Senate and House:** Concurred with Governor. (618,000)
- 3. Removal of FY 2016-17 Supplemental Funding. Governor:** The budget bill did not include funding from two supplemental bills totaling \$3.9 million and 4.0 FTEs for FY 2016-17. Public Act 341 of 2016 provided \$150,000 to the Department to hire one FTE for services required to comply with the Act (energy regulation). Public Act 107 of 2017, Article XX, provided a total of \$3.7 million in supplemental appropriations of which \$2.5 million was appropriated for costs associated with compliance of the Wrongful Imprisonment Compensation Act (P.A. 343 of 2016) and \$1.2 million for the Prosecuting Attorneys Coordinating Council for the design, development, and implementation of a case management computer system. **Senate and House:** Concurred with Governor. (3,876,300)
- 4. Technical Baseline Adjustments. Governor:** Included one negative GF/GP adjustment of \$7,100 to the IT line item. **Senate and House:** Concurred with Governor. (7,100)
- 5. Unlicensed Activity Law Enforcement. Governor:** Funding of \$732,300 GF/GP and 5.5 FTEs were added to enhance services provided by the Attorney General to the Department of Licensing and Regulatory Affairs to investigate unlicensed builders, accountants, and realtors across the State. **Senate and House:** Concurred with Governor. 732,300

6. Prescription Drug Abuse Unit. Governor: Funding of \$700,000 GF/GP was provided to continue the development of a statewide drug enforcement strategy to battle prescription drug abuse in Michigan. Senate and House: Concurred with Governor.	700,000
7. Student Safety. Governor: Restricted funding was provided to extend a work project for the OK2SAY Program that works to prevent bullying and allow students to feel safe in reporting safety issues. The current work project is set to expire on 9/30/17. Senate and House: Concurred with Governor.	470,000
8. Medical Marijuana. Governor: Restricted funding was increased and 4.0 FTEs added for services required to comply with Public Acts 281-283 of 2016. Senate and House: Concurred with Governor.	375,000
9. Energy Package. Governor: Restricted funding was increased and one FTE added for services required to comply with Public Act 341 of 2016. Senate and House: Concurred with Governor.	217,000
10. Unclassified Salaries. Governor: Increased GF/GP funding by \$22,600 for total funding of \$776,600 for FY 2017-18. Senate and House: Concurred with Governor.	22,600
11. Economic Adjustments. Includes \$1,341,200 Gross and \$638,300 GF/GP.	1,341,200
<u>Conference Agreement on Items of Difference</u>	
12. Operations Line Item. Senate: Reduced restricted funding by \$600,000 to allow the use of those funds for the PACC IT System upgrade (described below). House: Reduced funding by \$450,000. Conference: Concurred with Senate.	(600,000)
13. One-Time - PACC Juvenile Life Without Parole Cases. Governor: One-time GF/GP funding totaling \$750,000 was provided for the Prosecuting Attorneys Coordination Council to provide assistance to local prosecutors for costs associated with investigations, crime victim rights, prosecutions and appeals for retroactive juvenile life without parole cases. Senate: Reduced funding by \$50,000. House: Concurred with Governor. Conference: Concurred with Senate.	700,000
14. One-Time – PACC NextGen IT System Replacement. Senate: Added \$600,000 in restricted funding from Lawsuit Settlement Proceeds to be used by the PACC to upgrade their IT legacy system. House: Did not include. Conference: Concurred with Senate.	600,000
15. Patent Infringement. Conference: Added \$180,000 in additional restricted funding from the Lawsuit Settlement Proceeds Fund for costs associated with implementation of P.A. 550 of 2016 that created penalties for actions regarding patent infringement.	180,000
16. Crime Victim's Rights Fund. Senate: Transferred funding totaling \$78.3 million Gross (\$0 GF/GP) and 13.0 FTE positions from the Department of Health and Human Services to the Department of Attorney General. This funding provides services to victims of crime, including compensation, sexual assault forensic exams, and victim rights services, through direct payments to victims or survivors as well as grants to service organizations and local governments to provide said services. House and Conference: Did not include.	0
17. FTE Adjustment. Senate: Reduced total number of FTEs throughout the budget by 39.0 to better reflect the actual number of filled FTE positions based on FTE data from 12/31/16. House: Did not include a reduction. Conference: Reduced FTE allocation by 3.0 from the Governor with no effect on funding.	0
Total Changes	(\$4,163,300)
FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$101,198,800

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

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 Attorney General. Changes to those items can be found in the highlight sheet for the **General Sections. Senate and House:** Retained current law format.

2. **Mortgage Fraud Investigations.** Language states that from the funds appropriated in Part 1 for Attorney General Operations, the Department must allocate \$600,000 for the investigation and prosecution of mortgage fraud. **Governor:** Deleted. **Senate and House:** Concurred with Governor. (Current Law Sec. 313)
3. **Legacy Cost Estimates.** Total legacy costs are estimated at \$18,361,000. Of the total, Pension-related legacy costs are estimated at \$10,096,700 and retiree health care legacy costs are estimated at \$8,264,300 for fiscal year ending September 30, 2017. **Governor:** Provided the following Legacy Costs estimates for FY 2018: Total legacy costs estimated at \$17,281,300. Of that total, \$8,893,100 are for pension-related legacy costs and \$8,388,200 are for retiree health care legacy costs for the fiscal year ending September 30, 2018. **Senate and House:** Concurred with Governor. (Sec. 315)

Conference Agreement on Items of Difference

4. **NEW. Drug Investigation and Prosecution Unit.** **Governor:** Added new language that 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. **Senate:** Concurred with Governor. **House:** Concurred with Senate and added reporting requirement. **Conference:** Concurred with House. (**NEW** Sec. 301a)
5. **Litigation Expense Reimbursement.** Appropriates up to \$1.0 million from litigation expense reimbursements awarded to the State. Provides that funds may be used to pay litigation settlements or attorney fees assessed against the Office of the Governor, the Department of Attorney General or the Governor or Attorney General when they are acting in an official capacity as the named party in litigation against the State. Funds may also be used for State costs incurred pursuant to MCL 770.16 (DNA testing). Provides for carry forward of unexpended funds up to a maximum of \$1.0 million. **House:** Capped carry forward amount to \$250,000. **Conference:** Concurred with House. (Sec. 308)
6. **Lawsuit Proceeds for Drinking Water Contamination.** Language allows the Department to use up to \$2.6 million of lawsuit settlement proceeds to pay for costs and associated expenses related to the declaration of emergency due to drinking water contamination. **Senate:** Capped the amount to be used to pay for costs and associated expenses related to the declaration of emergency due to drinking water contamination at \$2.0 million and added new language allowing up to \$600,000 to be used for the Prosecuting Attorney's Coordinating Council to upgrade their NextGen IT case management system. **House:** Reduced funding by \$450,000 to fund a wrongful convictions line item. **Conference:** Concurred with Senate and added an additional \$180,000 to fund the costs associated with patent infringement (as noted above). Also retained report added by the House. Lawsuit settlement proceeds used to fund this budget total \$2.78 million in FY 2017-18. (Sec. 314)
7. **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:** Increased amount to \$750,000. **Senate:** Retained amount at \$700,000. **House:** Concurred with Governor. **Conference:** Concurred with Senate. (Sec. 314a)
8. **Sexual Assault Law Enforcement Efforts.** Language requires the Department to use the funds for testing of backlogged sexual assault kits across the State outside of Wayne County. The language also requires the Department to submit a spending plan to the Legislature prior to release of the funds. The order of priority for expenditure of the funds is: 1) to eliminate all county sexual assault kit backlogs by the end of the fiscal year, 2) to assist local prosecutors with investigations and prosecutions of viable cases, and 3) to provide victim services. It also requires a spending plan submitted to the Legislature prior to release of the funds. **Governor:** Eliminated section. **Senate:** Eliminated current subsections (2) and (3) and added new language requiring the department to report by November 1, 2017, the number of untested kits remaining across the state, a detailed work plan describing how the department will eliminate the backlog of untested kits and allow unspent funds to be used for re-testing certain sexual assault kits using currently available DNA testing. **House:** Retained current law. **Conference:** Revised current law to ensure that focus in on getting all backlogged kits tested and also adding that when all priorities are met, any remaining funds shall be used to re-test previously tested kits using new DNA testing. Finally, if there are any remaining untested kits on January 31, 2018, any remaining funds can only be used for the testing of those kits. (Sec. 316)

Date Completed: 7-19-17

Fiscal Analyst: Joe Carrasco, Jr.



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BILL ANALYSIS



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	129.0	110.0	(19.0)	(14.7)
GROSS	16,248,500	16,249,600	1,100	0.0
Less:				
Interdepartmental Grants Received	293,600	296,600	3,000	1.0
ADJUSTED GROSS.....	15,954,900	15,953,000	(1,900)	(0.0)
Less:				
Federal Funds.....	2,763,000	2,775,800	12,800	0.5
Local and Private	18,700	18,700	0	0.0
TOTAL STATE SPENDING.....	13,173,200	13,158,500	(14,700)	(0.1)
Less:				
Other State Restricted Funds.....	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE.....	13,021,300	13,006,600	(14,700)	(0.1)
PAYMENTS TO LOCALS	0	0	0	0.0

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$16,248,500
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Removal of FY 2016-17 One-Time Appropriation. Governor:** Removed GF/GP funding of \$250,000 provided for additional funding for the Division of Deaf and Hard of Hearing. **Senate and House:** Concurred with Governor. (250,000)
2. **Removal of FY 2016-17 Lump Sum Payments. Governor:** Removed funding totaling \$92,100 (\$72,800 GF/GP) for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17. **Senate and House:** Concurred with Governor. (92,100)
3. **Technical Baseline Adjustments. Governor:** Included two technical GF/GP adjustments: a negative adjustment of \$600 for the Operations line item and a negative adjustment of \$4,500 to the IT line item. **Senate and House:** Concurred with Governor. (5,100)
4. **Unclassified Salaries. Governor:** Increased GF/GP funding by \$19,800 for total funding of \$680,100 for FY 2017-18. **Senate and House:** Concurred with Governor. 19,800
5. **Economic Adjustments.** Includes \$178,500 Gross and \$143,400 GF/GP. 178,500

Conference Agreement on Items of Difference

6. **Deaf, Deafblind, and Hard of Hearing Needs Assessment. Senate:** Added one-time GF/GP funding totaling \$150,000 to allow the Department to perform a needs assessment of the deaf, deafblind, and hard of hearing community across the State to assess the services needed in this community. House: No provision. **Conference:** Concurred with Senate. 150,000

- 7. **FTE Adjustment. Senate:** Reduced total number of FTEs throughout the budget by 40.0 from the Governor's recommendation to better reflect the actual number of filled FTE positions based on FTE data from 12/31/16. **House:** No reduction to FTEs. **Conference:** Reduced FTE allocation by 17.0 from the Governor with no effect on funding. 0

Total Changes	\$1,100
FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$16,249,600

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2015-16 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 and House:** Retained current law format.
2. **Notifications Required Regarding Federal Reports or Complaints.** Requires the Department to notify the Office of State Budget, Senate and House appropriations committees, and the Senate and House fiscal agencies prior to submitting a report or complaint to the United State Commission on Civil Rights or other Federal departments. **Governor:** Eliminated section. **Senate and House:** Retained current law. (Sec. 405)
3. **Legacy Cost Estimates.** Total legacy costs are estimated at \$3,062,000. Of the total, Pension-related legacy costs are estimated at \$1,697,800 and retiree health care legacy costs are estimated at \$1,364,200 for fiscal year ending September 30, 2017. **Governor:** Provided the following Legacy Costs estimates for FY 2018: Total legacy costs estimated at \$2,695,600. Of that total, \$1,387,200 are for pension-related legacy costs and \$1,308,400 are for retiree health care legacy costs for the fiscal year ending September 30, 2018. **Senate and House:** Concurred with Governor. (Sec. 410)

Conference Agreement on Items of Difference

4. **Department Report.** Requires a detailed report submitted by November 30 that covers the Department's activities and operations. **Governor:** Eliminated section. **Senate:** Retained current law. **House:** Retained report and added revenues and expenditures associated with Section 403 by local unit. **Conference:** Concurred with House. (Sec. 404)
5. **NEW. Deaf, Deafblind, and Hard of Hearing Needs Assessment. Senate:** Added new language stating that the funds appropriated in Part 1 for deaf needs assessment may be used by the Department of Civil Rights to survey the deaf, deafblind, 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. **House:** No provision. **Conference:** Concurred with Senate. (**NEW** Sec. 406)

Date Completed: 7-19-17

Fiscal Analyst: Joe Carrasco, Jr.



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	74.2	79.2	5.0	6.7
GROSS	5,636,300	6,848,500	1,212,200	21.5
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	5,636,300	6,848,500	1,212,200	21.5
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	5,636,300	6,848,500	1,212,200	21.5
Less:				
Other State Restricted Funds.....	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	5,636,300	6,848,500	1,212,200	21.5
PAYMENTS TO LOCALS	0	0	0	0.0

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$5,636,300
Changes from FY 2016-17 Year-to-Date:	
<u>Items Included by the Senate and House</u>	
1. Executive Office Operations. Governor recommended a 3.0% overall increase for Executive Office operations. Senate and House: Concurred with Governor.	200,000
2. Office of Urban Initiatives - Transferred all funding and 5.0 FTEs to Executive Office from DTMB. Senate and House: Concurred with Governor.	1,012,200
Total Changes	\$1,212,200
FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$6,848,500

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. There is no boilerplate for the Executive Office.

Date Completed: 7-19-17

Fiscal Analyst: Joe Carrasco, Jr.



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	0.0	0.0	0.0	0.0
GROSS	172,555,500	179,561,000	7,005,500	4.1
Less:				
Interdepartmental Grants Received	5,558,600	5,709,200	150,600	2.7
ADJUSTED GROSS.....	166,996,900	173,851,800	6,854,900	4.1
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	400,000	400,000	0	0.0
TOTAL STATE SPENDING.....	166,596,900	173,451,800	6,854,900	4.1
Less:				
Other State Restricted Funds.....	6,245,200	6,247,100	1,900	0.0
GENERAL FUND/GENERAL PURPOSE.....	160,351,700	167,204,700	6,853,000	4.3
PAYMENTS TO LOCALS	0	0	0	0.0

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$172,555,500
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. Removal of FY 2016-17 Supplemental Funding. Governor:** Public Act 340 of 2016 provided additional GF/GP funding of \$6.0 million for the upgrade and integration of the legislative computer system (Chamber Automation System). **Senate and House:** Concurred with Governor. (6,000,000)
- 2. Removal of FY 2016-17 One-Time Appropriations. Governor:** Removed \$500,000 in GF/GP that was appropriated to the Criminal Justice Policy Commission to support a study of the cost savings of redirecting 17-year-olds from the adult court to family and juvenile justice systems. **Senate and House:** Concurred with Governor. (500,000)
- 3. Adjustment for FY 2016-17 Supplemental Funding.** A current year adjustment provided in PA 33 of 2017 totals a positive \$1.0 million to reimburse the House and Senate for a previous transfer of funds (\$500,000 each) to the Capitol Historic Site for building improvements. (1,000,000)
- 4. Auditor General Adjustment. Governor:** Recommended a 2.7% overall increase for Auditor General operations. The increase totaled \$634,300 of which \$483,700 is General Fund. Funding for the Auditor General totals \$24.3 million (\$16.6 million GF/GP) for FY 2017-18. **Senate and House:** Concurred with Governor. 634,300
- 5. Legislative Adjustment. Governor:** Increased overall funding for the Legislature by a total of 7.5% (excluding one-time funds). The Senate received an increase of \$1.4 million overall while the House received an overall increase of \$2.4 million. The House and Senate Fiscal Agencies received an increase of \$94,500 each. The Legislative Council received an increase of \$782,700 while the Retirement System received an increase of \$99,300. The Binsfeld Office Building received an increase of \$5.2 million while the Cora Anderson House Building received increases totaling \$342,800. Finally, the Governor included additional funding of \$149,700 for the State Capitol Historic Site line item (\$170,900 for general

operations and a reduction totaling \$21,200 for restoration, renewal and maintenance). Funding for the Legislature totals \$152.0 (\$147.3 million GF/GP) for FY 2017-18. **Senate and House:** Concurred with Governor.

Conference Agreement on Items of Difference

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|--|-----------|
| 6. One-Time Funding. The budget included one item totaling \$3.0 million GF/GP for the upgrade and integration of the legislative computer system (Chamber Automation System). Senate: Concurred with Governor. House: Reduced funding by 50% to \$1.5 million. Conference: Concurred with Senate. | 3,000,000 |
| 7. Legislative Corrections Ombudsman. Senate: Increased GF/GP funding for the Legislative Corrections Ombudsman by \$200,000. House: Increased funding by \$100,000 as one-time funding. Conference: Concurred with Senate. | 200,000 |
| 8. Michigan Veterans Facility Ombudsman. Senate: Increased GF/GP funding for the Michigan Veterans Facility Ombudsman by \$100,000. House: Did not include funding. Conference: Concurred with Senate. | 100,000 |

Total Changes	\$7,005,500
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FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$179,561,000
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Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

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 and House:** Retained current law format.
2. **Farnum Building.** Provides that the Senate may charge rent and assess utility costs and appropriates funds for renovation, operation, and maintenance of Farnum Building and other Senate properties. **Governor:** Changed reference from Farnum Building to the Senate Office Building. **Senate and House:** Concurred with Governor. (Sec. 602)
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, 2020. **Governor:** Changed completion date to September 30, 2021. **Senate and House:** Concurred with Governor. (Sec. 606)
4. **Legislative Automated 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, 2020. **Governor:** Changed completion date to September 30, 2021. **Senate and House:** Concurred with Governor. (Sec. 607)
5. **Legislative Corrections Ombudsman Fund.** Language states that the funds appropriated in Part 1 includes an additional \$125,000 to be used to fund an additional legislative corrections ombudsman analyst. **Governor:** Deleted. **Senate and House:** Concurred with Governor. (Current Law Sec. 609)
6. **Criminal Justice Policy Commission Study.** Language states that \$500,000 included in Part 1 shall be used for a study to determine what the additional estimated annual costs to counties would be if 17-year-olds were redirected from the adult court and correctional systems into the family court and juvenile justice systems. The study shall also determine the estimated savings to the state corrections system, as well as any other financial or policy costs and benefits, from such a redirection. Provides that funds are work project appropriations with an anticipated completion date of April 1, 2018. **Governor:** Deleted. **Senate and House:** Concurred with Governor. (Current Law Sec. 610)
7. **Legacy Cost Estimates.** Total legacy costs are estimated at \$21,279,600. Of the total, Pension-related legacy costs are estimated at \$11,998,700 and retiree health care legacy costs are estimated at \$9,280,900 for fiscal year ending September 30, 2017. **Governor:** Provided the following Legacy Costs estimates for FY 2018: Total legacy costs estimated at \$21,252,700. Of that total, \$10,936,800 are for pension-related legacy costs and \$10,315,900 are for retiree health care legacy costs for the fiscal year ending September 30, 2018. **Senate and House:** Concurred with Governor. (Sec. 615)

8. **NEW. Legislative System IT Upgrade. Governor:** New language added stating 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. **Senate and House:** Concurred with Governor. (**NEW** Sec. 616)

Conference Agreement on Items of Difference

9. **National Association Dues. Senate:** Added new language stating that if any funds remain after all required dues payments have been made, the Legislative Council may approve the use of up to \$10,000 to pay for the registration fees of any state employees who serve as board members to any of the national associations receiving state funds for annual dues to attend that national association's annual conference. If any of the \$10,000 remains after national board member's registration fees are paid, the remaining funds may be used to pay for the registration fees for any other state employees to attend the annual conference of any of the national associations receiving state funds for annual dues. **Conference:** Concurred with Senate. (Sec. 603)
10. **Legislative Retirement System.** Intent language states that all administrative functions and associated funding for the Michigan Legislative Retirement System shall be transferred to DTMB by the end of FY 2015-16. **Governor:** Deleted. **Senate:** Concurred with Governor. **House:** Retained current law. **Conference:** Concurred with Senate. (Current Law Sec. 618)
11. **Michigan Veterans Facility Ombudsman.** Language requires funds appropriated in Part 1 for the Michigan Veterans Facility Ombudsman to be used to create a Veterans Facility Ombudsman to address complaints made at the veterans homes of this state. **Governor:** Deleted. **Senate:** Concurred with Governor. **House:** Retained and revised language to say funds appropriated in Part 1 shall be used to maintain the office. **Conference:** Concurred with Senate. (Current Law Sec. 619)

Date Completed: 7-19-17

Fiscal Analyst: Joe Carrasco, Jr.



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,587.0	1,586.0	(1.0)	(0.1)
GROSS	250,315,600	249,358,500	(957,100)	(0.4)
Less:				
Interdepartmental Grants Received	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS.....	230,315,600	229,358,500	(957,100)	(0.4)
Less:				
Federal Funds.....	1,460,000	1,460,000	0	0.0
Local and Private	100	50,100	50,000	50,000.0
TOTAL STATE SPENDING.....	228,855,500	227,848,400	(1,007,100)	(0.4)
Less:				
Other State Restricted Funds.....	206,745,900	208,709,400	1,963,500	0.9
GENERAL FUND/GENERAL PURPOSE.....	22,109,600	19,139,000	(2,970,600)	(13.4)
PAYMENTS TO LOCALS	1,211,300	1,215,900	4,600	0.4

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$250,315,600
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. Removal of FY 2016-17 Supplemental Funding. Governor:** Public Act 340 of 2016 provided additional funding to allow certain Secretary of State branch offices to assist with redeeming winning lottery tickets in the UP by serving as Lottery Claim Centers to process winning tickets valued between \$600 and \$50,000. **Senate and House:** Concurred with Governor. (300,000)
- 2. Removal of FY 2016-17 One-Time Appropriation. Governor:** Removed GF/GP funding of \$5.0 million provided for voting machine replacements. **Senate and House:** Concurred with Governor. (5,000,000)
- 3. Adjustment for FY 2016-17 Supplemental Funding.** A current year contingency fund transfer of restricted funds totaling a positive \$2.0 million was provided in Transfer Letter 2017-6. The additional funds increased the authority for the Department to receive and expend additional revenue collected from the fees charged for the use of credit and debit cards. (2,000,000)
- 4. Lottery Assistance in the Upper Peninsula. Governor:** Added new restricted funding and 10.0 FTEs to allow certain SOS branch offices to assist with redeeming winning lottery tickets in the UP by serving as Lottery Claim Centers to process winning tickets valued between \$600 and \$50,000. Funding was provided in the Branch Operations line item which totals \$87.9 million for FY 2017-18. **Senate and House:** Concurred with Governor. 1,015,800
- 5. Credit Card Service Fees. Governor:** Increased restricted fund authorization level to provide for the anticipated increase in credit card activity at branch offices and self-service terminals that will result in the collection of additional fees for use of credit cards. Total funding for FY 2017-18 for the Credit Card Assessments line item was increased to \$8.0 million. **Senate and House:** Concurred with Governor. 2,000,000

6. Information Technology Increase. Governor: Increased restricted (TACF) funding necessary to maintain current level of online support. Total funding for IT for FY 2017-18 is \$37.5 million. Senate and House: Concurred with Governor.	1,000,000
7. Mi-Time Line Expansion. Governor: Increased GF/GP funding will allow for the expansion of this program to allow customers to virtually wait in line by use of a mobile application. Currently this service is available in 30 branch offices across the State. This additional funding will allow 20 more branches to make this technology available to customers. Funding was provided in the Branch Operations line item which totals \$87.9 million for FY 2017-18. Senate and House: Concurred with Governor.	400,000
8. Removal of FY 2016-17 Lump Sum Payments. Governor: Removed funding for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17. Senate and House: Concurred with Governor.	(982,000)
9. Technical Reduction. Governor: Various lines are adjusted to align funding sources with actual expenditures. Senate and House: Concurred with Governor.	(1,078,700)
10. Unclassified Salaries. Governor: Increased funding by \$18,900 for total funding of \$647,700 for FY 2017-18. Senate and House: Concurred with Governor.	18,900
11. Economic Adjustments. Includes \$2,548,500 Gross and \$244,200 GF/GP.	2,548,500

Conference Agreement on Items of Difference

12. Branch Operations. Senate: Reduced GF/GP funding by \$1.1 million to adjust for the loss in revenue due to statute changes resulting in the loss in fee revenue from chauffer licenses. House: No reduction from Governor. Conference: Concurred with House.	0
13. Office of Investigative Services Expansion. Governor: Added GF/GP funding and 11.0 FTEs to enhance consumer protection aimed at fraud prevention and detection by increasing regulatory enforcement of vehicle repair facilities and mechanics. Funding is provided in the Legal Services Operations line item totaling \$14.9 million for FY 2017-18. Senate: Concurred with Governor. House: Reduced funding by \$700,000 to meet House target. Conference: Concurred with Senate.	1,420,400
14. FTE Adjustment. Senate: Reduced total number of FTEs throughout the budget by 129.0 to better reflect the actual number of filled FTE positions based on FTE data from 12/31/16. House: No reduction to FTEs. Conference: Reduced FTE allocation by 22.0 from the Governor with no effect on funding.	0
15. Funding Shift. Governor: Included a shift from restricted funds to GF/GP funds totaling \$3.0 million due to decreased fee collections. The result is a net zero on the budget, however, GF/GP funding is increased by \$3.0 million while restricted funding is reduced accordingly. Senate: Concurred with Governor. House: Reduced funding by \$205,600. Conference: Did not include this fund shift thereby reducing GF/GP funding by \$3.0 million; however, the net effect on the budget is zero.	0

Total Changes	(\$957,100)
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FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$249,358,500
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Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

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 State. Changes to those items can be found in the highlight sheet for the **General Sections. Senate and House:** Retained current law format.
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 and House:** Retained current law. (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 and House:** Retained current law. (Sec. 718)
4. **ATM Commission Fees.** Allows the Department to collect a commission fee from companies providing ATM machines in branch offices. The fees received shall be deposited in the TACF. **Governor:** Deleted. **Senate and House:** Concurred with Governor. (Current Law Sec. 721)
5. **Legacy Cost Estimates.** Total legacy costs are estimated at \$31,874,100. Of the total, pension-related legacy costs are estimated at \$17,673,400 and retiree health care legacy costs are estimated at \$14,200,700 for fiscal year ending September 30, 2017. **Governor:** Provided the following Legacy Costs estimates for FY 2018: Total legacy costs estimated at \$31,170,200. Of that total, \$16,040,400 are for pension-related legacy costs and \$15,129,800 are for retiree health care legacy costs for the fiscal year ending September 30, 2018. **Senate and House:** Concurred with Governor. (Sec. 725)

Conference Agreement on Items of Difference

6. **Commemorative/Specialty Plates.** Provides for and limits expenditures from commemorative and specialty license plate fee revenue to administration of the program. Revenues in excess of appropriations shall remain in the Transportation Administration Collection Fund for future appropriations. **Governor:** Deleted. **Senate:** Concurred with Governor. **House:** Retained current law. **Conference:** Concurred with Senate. (Current Law Sec. 710)
7. **NEW. Election Oversight.** **Senate:** Added new language stating 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. **House:** No provision. **Conference:** Concurred with Senate. (**NEW** Sec. 719)

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,609.0	1,447.0	(162.0)	(10.1)
GROSS	1,156,450,300	1,179,421,800	22,971,500	2.0
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	1,156,450,300	1,179,421,800	22,971,500	2.0
Less:				
Federal Funds.....	768,144,800	762,144,800	(6,000,000)	(0.8)
Local and Private	6,119,000	6,120,900	1,900	0.0
TOTAL STATE SPENDING.....	382,186,500	411,156,100	28,969,600	7.6
Less:				
Other State Restricted Funds.....	192,341,600	206,056,700	13,715,100	7.1
GENERAL FUND/GENERAL PURPOSE.....	189,844,900	205,099,400	15,254,500	8.0
PAYMENTS TO LOCALS	11,224,800	11,300,000	75,200	0.7

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation \$1,156,450,300

Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. Removal of FY 2016-17 One-Time Appropriations and Supplemental.** The **Governor/Senate/House/Conference** removed FY 2016-17 one time and supplemental appropriations. Of the total, \$14,120,000 in GF/GP was the year-end total for special grants, \$8,778,500 in Federal and restricted funds was for the Statewide Data Systems Integration, and \$1.0 million GF/GP was the year-end total for Sustainability Employment Pilot Program. (23,898,500)
- 2. Technical Adjustments.** The **Governor/Senate/House/Conference** included a \$7.1 million reduction in MSHDA fees and charges with the remaining technical adjustments being the lump sum payment removal and adjustments to the fund sources of the economic adjustments. (9,091,900)
- 3. Article XX Supplemental Removal.** The **Governor/Senate/House/Conference** removed PA 107 of 2017, Article XX supplemental funding, which included \$7,336,000 for Special Grants all supported by GF/GP. The Special Grants included in the package is \$3.3 million for Dort Highway improvements in Genesee County, \$200,000 for Dredging of the Grand River in Kent County, \$386,000 for a highway project in Ottawa County, \$750,000 for a Oakland County road project, \$1.0 million for an infrastructure project in Gogebic County, and \$1.7 million for infrastructure repairs at the closed prison in the City of Standish. (7,336,000)
- 4. Protect and Grow.** The **Governor/Senate/House/Conference** reduced the one-time Protect and Grow funding by \$2.0 million with \$1.0 million remaining for FY 2017-18. This funding is focused on retaining and growing the defense industry in Michigan. (2,000,000)
- 5. Project Rising Tide.** The **Governor** expanded this program that began in the MEDC corporate budget to provide technical assistance to rural communities that work through the process of the Redevelopment Ready Certification program. The \$2.0 million in GF/GP would allow the program to expand beyond the 10 initial communities that are currently in the program. The **Senate/House** did not include. The **Conference** included. 2,000,000
- 6. Economic Adjustments.** Economic increase of \$2,400,900 Gross and \$217,800 GF/GP. 2,400,900

Conference Agreement on Items of Difference

<p>7. Business Attraction and Community Revitalization. The Governor and Senate increased Business Attraction and Community Revitalization by \$10.0 million. Of the total increase, there was a \$14.0 million increase in ongoing appropriations and a \$4.0 million decrease in one-time appropriations. This would have increased total appropriations to \$125.5 million Gross, \$103.9 million GF/GP and \$21.6 million in 21st Century Jobs Trust Fund dollars. The Senate reduced one-time funding by \$2,667,500 under the Governor's recommendation. The Conference maintains total appropriations at \$115.5 million.</p>	<p>0</p>
<p>8. Going Pro. The Governor and Senate increased the Going Pro program, which is renamed from the Skilled Trades Training Program. The increase was all included as one-time appropriations. Total Going Pro appropriations are \$40.9 million, \$25.6 million in penalties and interest revenue from the Michigan Employment Security Contingent Fund, and \$15.3 million GF/GP. The Senate replaced \$5.0 million GF/GP with penalties and interest revenue. The House/Conference replaced \$15.0 GF/GP with penalties and interest revenue and increased Gross and GF/GP by an additional \$5.5 million.</p>	<p>15,500,000</p>
<p>9. Talent Marketing. The Governor included this new program which is focused on attracting out-of-state talent to Michigan. The appropriation is all supported by GF/GP. The Conference included the funding in one-time appropriations.</p>	<p>5,000,000</p>
<p>10. Arts and Cultural Grants. The Governor/Senate/Conference increased Arts and Culture Grants by \$1.0 million GF/GP in one-time appropriations due to a growing number of applications for arts and culture grants that exceed current appropriations. This brings the total appropriation to \$11,150,000 Gross, \$10.0 million GF/GP.</p>	<p>1,000,000</p>
<p>11. UIA \$100 Placeholder. The Senate included a \$100 placeholder in UIA Information Technology for creating an electronic ID system outlined in Sec. 1075. The Conference did not include.</p>	<p>0</p>
<p>12. Pure Michigan. The Senate/Conference moved \$1.0 million 21st Century Jobs Trust Fund dollars from Entrepreneurship Eco-System to Pure Michigan.</p>	<p>0</p>
<p>13. Entrepreneurship Eco-System. The Conference increased this line item by \$2.0 GF/GP bringing total appropriations to \$19.4 million.</p>	<p>2,000,000</p>
<p>14. Community Ventures. The Conference replaced \$9.5 million GF/GP with penalties and interest revenue.</p>	<p>0</p>
<p>15. Grants. The Senate included a new grant program to provide enhancement grants to programs and projects throughout the State, outlined in Sec. 1047. Of the total, \$2.0 million is Federal, \$500,000 is restricted, and \$13,291,000 is GF/GP. The Conference included \$35,897,000 for a Michigan Enhancement Grant Program and \$2.7 million in other grants, all as General Fund/General Purpose dollars.</p>	<p>38,597,000</p>
<p>16. TANF. The Governor/Senate/House/Conference included a \$1.2 million reduction in TANF dollars, bringing total TANF dollars in TED to \$63.7 million. The Senate moved \$2.0 million from workforce development for a grant in the Michigan Enhancement Grant. The Conference did not include.</p>	<p>(1,200,000)</p>
<p>17. FTE Changes. The Governor and Senate moved 7.0 FTEs and their corresponding funding from the UIA, and 5.0 from Workforce Program Administration, to TIA executive direction (7.0), MSF Administrative Services (3.0), and TED executive direction and operations (2.0). The Senate removed 342.0 FTE positions throughout the Department. The Conference removed 162.0 FTE positions throughout the Department.</p>	<p>0</p>
<p>Total Changes</p>	<p>\$22,971,500</p>
<p>FY 2017-18 Initial Ongoing/One-Time Gross Appropriation</p>	<p>\$1,179,421,800</p>

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Retained Sections.** The **Governor** deleted and **House/Senate** retained a number of sections, which include: 990 (Michigan State Housing Development Authority production goal report), 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), and 1041 (limits the amount that can be transferred to Business Attraction and Community Development to no more than 60% before April 1).
2. **Deleted Sections.** The **Governor/Senate/House/Conference** deleted the special grants section. (Sec. 1046)
3. **Modified Sections.** The **Governor/Senate/House/Conference** modified a number of sections, which include: 1042 (simplifies Business Attraction quarterly report to 'all previous appropriations' from listing all the various previous work project appropriations), 1061 (Includes 'apprenticeship awareness' as one of the focuses of the Youth Entrepreneurship grants), 1065 (name change from 'Skilled Trades Training Program' to 'Going Pro'), and 1066 (name change to 'Going Pro' and focus on addressing 'in-demand talent needs in Michigan' from 'employees of Michigan Businesses'). The **Governor** modified and **Senate/House** maintained current language on section 1005 (removing private revenue from the Pure Michigan report) and 1035 (Allowing Arts and Culture grant funding to be used for administration of the program).
4. **Technical Modifications.** The **Governor/Senate/House/Conference** made a number of technical adjustments to reflect date changes, part 1 appropriations totals, legacy costs estimates, and standardizing language. (Secs. 980 & 981)

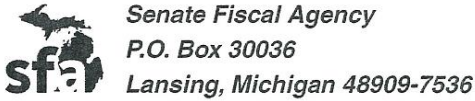
Conference Agreement on Items of Difference

5. **Deleted Sections.** The **Governor** and **Conference** deleted a number of sections, which include: 1076 (Unemployment Insurance Agency quarterly report on implementing the integrated systems project) and 1077 (Unemployment Insurance Agency quarterly report on the usage of the internal web portal).
6. **Retained Sections.** The **Governor** deleted and **Conference** retained a number of sections, which include: 1081 (Statewide system for data integration one-time appropriations), and 1083 (sustainable employment pilot one-time appropriations).
7. **Going Pro Report.** The **Governor** modified the report from a quarterly to annual report. The **House** maintained the quarterly report. The **Senate/Conference** modified the report from a quarterly to a semiannual report. (Sec. 1065)
8. **New One-Time Appropriations Metric Sections.** The **Governor** included a number of new sections that include benchmark metric specifications for new appropriations, which include: 1050 (Business attraction and community Development one-time appropriations), 1051 (Talent Marketing one-time appropriations), 1052 (Rising Tide one-time appropriations), 1053 (Arts and Culture Grant one-time appropriations), 1054 (Protect and Grow one-time appropriations), and 1084 (Going Pro one-time appropriations). The **Senate** concurred with all of the new sections except 1052 (Rising Tide) due to removal of that funding and modified 1051 (Talent Marketing) to reflect moving that funding into ongoing Pure Michigan. The **Conference** included with the new sections: 1050 (Business Attraction and Community Development one-time appropriations), 1051 (Talent Marketing one-time appropriations), 1052 (Rising Tide one-time appropriations), 1053 (Arts and Culture Grant one-time appropriations), 1054 (Protect and Grow one-time appropriations), and 1084 (Going Pro one-time appropriations).
9. **MSF/MEDC Report.** The **Senate** included budget reporting requirements in the annual MSF and MEDC activity report. The **Conference** included the Senate's new budget reporting requirement and included the House's modification that removes language that meeting the statutory reporting requirement fulfills the boilerplate report requirements. (Sec. 1007)

10. **Grants.** The **Senate** included a new section that outlines the individual grants within the Michigan Enhancement Grants line item (Sec. 1047). The **House** included grant appropriations from Going Pro equaling \$3,579,000 (Sec. 1069, 1070, 1071). The **Conference** included a number of new grant language sections: **Sec. 1047:** \$35,897,000 GF/GP Michigan Enhancement Grants: playground project in Commerce Township (\$100,000); Sanilac FFA "miracle of life" barn (\$35,000); St. Clair River seawall (\$500,000); St. Clair highway bridge (\$2,700,000); Oakland Hope (\$100,000); Michigan Works! retirement shortfall (\$800,000); Sault Sainte Marie Carbide Docks (\$1,000,000); Hillsdale Veteran Affairs Scholarship Program (\$12,000); Plymouth Township intersection upgrade (\$1,000,000); Albion Water Tower Upgrade (\$500,000); Holy Cross Services (\$1,500,000); Gianna House (\$100,000); Livonia Rotary Park accessible playground (\$300,000); Botsford Park upgrade to outdoor pool (\$70,000); Child Restraint Safety Program Awareness Campaign (\$300,000); Former Detroit House of Corrections demolition and cleanup (\$1,500,000); No Wrong Door Program - Wayne County (\$250,000); South Michigan Center for Science and Industry (\$800,000); Voss Park - baseball diamonds upgrades (\$300,000); Salem Township urban services district (\$10,000,000); Harvey Street woonerf project (\$1,000,000); Grand Rapids Civic Theatre (\$1,000,000); Lowell Showboat Replacement (\$1,000,000); Dixie Highway Federal Match (\$1,000,000); KVCC Healthy Living Campus (\$2,000,000); White Lake Township Road Infrastructure Improvement (\$750,000); Muskegon County/Coopersville Wastewater Treatment Improvement (\$2,500,000); Monroe County ISD Career Tech Equipment (\$40,000); Ida School District CAD equipment (\$70,000); Whites Bridge Rebuild - Ionia County (\$350,000); Village of Lexington Master Plan Study (\$120,000); Grand Rapids Dam Removal (\$1,500,000); Mackinaw Cutter Repainting (\$300,000); LSSU power grid improvements (\$300,000); Zeeland Interchange Upgrade (\$2,000,000); National Sportsmen Caucus National Meeting - Traverse City (\$100,000); **Sec. 1048:** \$1.0 million from Entrepreneurship Eco-System for Van Andel; **Sec. 1055:** \$500,000 for Rochester park; **Sec. 1067:** \$200,000 for "helmets to hard hats"; **Sec. 1069:** \$2.0 million for Focus Hope; **Sec. 1070:** \$1.5 million from Going Pro for "Grads for Life"; and **Sec. 1071:** \$3.0 million from Going Pro for "Jobs for Michigan".
11. **UIA \$100 Placeholder.** The **Senate** included a new section that outlines the requirements for an electronic ID system in the UIA. The **Conference** did not include. (Sec. 1075)
12. **UIA Quarterly Report.** The **Senate/Conference** included a quarterly activity report regarding fraudulent cases, penalties and interest revenue, and appeals to fraudulent cases. (Sec. 1076)

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,877.0	2,937.0	60.0	2.1
GROSS	1,389,256,700	1,412,543,200	23,286,500	1.7
Less:				
Interdepartmental Grants Received	694,054,100	713,959,000	19,904,900	2.9
ADJUSTED GROSS.....	695,202,600	698,584,200	3,381,600	0.5
Less:				
Federal Funds.....	4,958,200	4,985,300	27,100	0.5
Local and Private	2,320,000	2,444,400	124,400	5.4
TOTAL STATE SPENDING.....	687,924,400	691,154,500	3,230,100	0.5
Less:				
Other State Restricted Funds.....	116,840,800	111,399,300	(5,441,500)	(4.7)
GENERAL FUND/GENERAL PURPOSE.....	571,083,600	579,755,200	8,671,600	1.5
PAYMENTS TO LOCALS	0	0	0	0.0

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation \$1,389,256,700

Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. Removal of FY 2016-17 Supplemental Funding. Governor:** Public Act 340 of 2016 provided additional funding for three programs: \$500,000 to pay survivor benefits of public safety officers killed in the line of duty; \$10.0 million for deposit into the Drinking Water Declaration of Emergency Reserve Fund; and \$72.0 million to for final debt payment for the Venture Michigan I. **Senate and House:** Concurred with Governor. (82,534,000)
- 2. Removal of FY 2016-17 One-Time Appropriations. Governor:** Removed a total of \$14.2 million (\$11.4 million GF/GP) of the following one-time funding provided in the FY 2016-17 budget: Legal Services (\$5.0 million); IT Investment Fund (\$4.5 million); Office of Retirement Services (\$2.85 million); Enterprisewide Special Maintenance (\$1.6 million); and Special Projects (\$250,000). **Senate and House:** Concurred with Governor. (14,200,900)
- 3. Adjustment for FY 2016-17 Supplemental Funding (Article XX).** A current year adjustment provided in Article XX of PA 107 of 2017 totals a positive \$5.5 million. This supplemental appropriation includes one-time funding for the following: 1) new funding of \$3.0 million for the Citizen Centric government information technology project; 2) new funding of \$2.0 million for a Regional Infrastructure Asset Management pilot project based on recommendations of the Governor's 21st Century Infrastructure Commission; and 3) additional funding of \$500,000 for deposit into the Drinking Water Declaration of Emergency Reserve Fund. This funding is included as a net negative adjustment here to accurately reflect the full changes from FY 2016-17 to FY 2017-18. (5,531,000)
- 4. Citizen Centric Government Project. Governor:** Provided new ongoing GF/GP funding to allow citizens to interact with the State of Michigan programs and services through the use of individualized online portals, key high-value system integrations, and new mobile applications allowing access to resources on a 24/7 basis. **Senate and House:** Concurred with Governor. 1,000,000
- 5. Labor Market Information Population and Labor Force Projections. Governor:** Provided new GF/GP funding and 2.0 FTEs to produce population projections for the State in total and all individual counties. **Senate and House:** Concurred with Governor. 268,300

FY 2017-18 TECHNOLOGY, MANAGEMENT, AND BUDGET H.B. 4323 (P.A. 107 of 2017): INITIAL APPROPRIATIONS

6. Michigan Master Computing Contract. Governor: Provided restricted funding and 3.0 FTEs for this new program that redefines the IT procurement process. Senate and House: Concurred with Governor.	373,500
7. Accounting Services for Grand Rapids Veterans Home. Governor: Increased IDG funding and added 8.0 FTEs for costs associated with providing accounting services to the GR Veterans Home. Senate and House: Concurred with Governor.	1,206,300
8. Information Technology (IT) - Alignment of IDG Funding. Governor: Aligned its IDG funding with enacted FY 2016-17 appropriations for all departments. Senate and House: Concurred with Governor.	23,296,300
9. Removal of FY 2016-17 Lump Sum Payments. Governor: Removed funding for the 1.5% lump sum payments received by all State classified employees as part of negotiated contracts for FY 2016-17. Senate and House: Concurred with Governor.	(2,848,200)
10. SIGMA Reduction. Governor: The budget included reductions in two IT line items to offset the costs of the program increase for the SIGMA Permanent Organizational Structure program in the Budget and Financial Management line item (described above). The reductions included \$6,321,000 (all IDG funding) in the Technology Services line item and another \$6,321,000 (\$3.8 million GF/GP) in the Information Technology line item. Senate and House: Concurred with Governor.	(12,642,000)
11. Transfer of Office of Urban Initiatives. Governor: All GF/GP funding and 5.0 FTEs were transferred to the Executive Office. Senate and House: Concurred with Governor.	(1,012,200)
12. Other Changes. Governor: Included 2.0 FTEs and adjustments to several items in the budget totaling \$478,800. Changes include: \$380,000 for administrative costs for the Michigan Military Retirement System; \$137,900 and 1.0 FTE for the State Police Cyber Crimes Unit; \$127,700 and 1.0 FTE for the Office of Financial Management to administer MEDC's payroll; \$27,000 for the MSP Retirement System; and a negative \$193,800 for SWCAP adjustments. Senate and House: Concurred with Governor.	478,800
13. Unclassified Salaries. Governor: Increased funding by \$30,100 for total funding of \$1,031,750 for FY 2017-18. Senate and House: Concurred with Governor.	30,100
14. Economic Adjustments. Includes \$6,669,200 Gross and \$1,633,100 GF/GP.	6,669,200
<u>Conference Agreement on Items of Difference</u>	
15. Cyber Security Improvements. Governor: Additional GF/GP funding and 12.0 FTEs was provided for third year of a multi-year program to enhance cyber security program. Total FY 2017-18 funding for Homeland and Cyber Security is \$16.2 million. Senate: Reduced funding by \$1.5 million and 6.0 FTEs. House and Conference: Concurred with Governor.	3,044,600
16. SIGMA-Permanent Organizational Structure. Governor: Increased funding by a total of \$14.9 million (\$12.3 million GF/GP) and added 26.0 FTEs in the Budget and Financial Management line item to provide ongoing SIGMA operations, contractual services, and continued improvements related to SIGMA. Funding for Budget and Financial Management totals \$38.8 million for FY 2017-18. Senate: Reduced GF/GP funding by \$8.6 million and 21.0 FTEs. House: Reduced GF/GP funding by \$3.1 million. Conference: Concurred with Governor.	14,880,600
17. Office of Performance and Transformation – Governor: Provided additional \$500,000 GF/GP funding for the <i>Socrata</i> transparency website. This office was transferred to DTMB via Executive Order 2016-4 and is responsible for the systematic review and coordination of the State's regulatory, business, and customer service environments. This item also is funded in the Budget and Financial Services unit, funded at \$38.8 million for FY 2017-18. Senate: Did not include any funding for this item. House and Conference: Concurred with Governor.	500,000
18. School Reform Office. Governor: Additional GF/GP funding provided for three programs: \$280,000 for the Partnership with Enroll Detroit to assist families transforming to new schools; \$252,000 and 2.0 FTEs to support a pilot program that measures deferred maintenance costs to replacement value of priority schools; and \$250,000 to support student and parent surveys for accountability measurement. Funding for the School Reform Office totals \$3.1 million for FY 2017-18. Senate: Reduced funding for Index Processing and Partnership with Enroll Detroit by \$250,000 each. House: Reduced total funding by \$1.9 million. Conference: Concurred with Governor.	782,000

19. **One-Time Items. Governor:** Included ten one-time items totaling \$80.9 million in GF/GP appropriations. Items included: \$25.0 million for deposit into the Drinking Water Declaration of Emergency Reserve Fund; \$20.0 million for deposit into the Michigan Infrastructure Fund; \$9.1 million for the migration of 131 Michigan.gov items to new portal; \$7.5 for IT Investment Fund projects; \$5.5 million for the Citizen Centric Government IT project (described above); \$5.0 million for the continued replacement of the Michigan Public Safety Communications System; \$4.5 million for the SIGMA Permanent Organizational Structure; \$4.0 million for Cyber Security; \$353,000 for the School Reform Office; and \$700 for seven \$100 placeholders for planning grants. **Senate:** Reduced total one-time funding by \$66.4 million from the Governor. **House:** Reduced total one-time funding by \$29.9 million from the Governor. **Conference:** Included \$89.5 million in funding for one-time items, including: \$25.0 million for deposit into the Drinking Water Declaration of Emergency Reserve Fund; \$35.0 million for deposit into the Michigan Infrastructure Fund; \$7.5 million for IT Investment Fund projects; \$6.2 million for Michigan.gov items to new portal; \$5.0 million for the Michigan Public Safety Communications System; \$4.5 million for the SIGMA Permanent Organizational Structure; \$3.7 million for Cyber Security; \$2.0 million for the Citizen Centric Government IT project (described above); \$353,000 for the School Reform Office; and \$300,000 for a pilot program to track State vendor data.

89,525,100

Total Changes \$23,286,500

FY 2017-18 Initial Ongoing/One-Time Gross Appropriation \$1,412,543,200

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **MAIN Charges.** Language states that MAIN shall be funded by charges against State funds that benefit from the use of MAIN. **Governor:** Modified language to include SIGMA as additional recipient of the funds as the State transitions from MAIN to SIGMA. **Senate and House:** Concurred with Governor. (Sec. 807)
2. **Privatization RFP Factors.** Language stipulates that DTMB shall include factors that will be used to evaluate and determine price related to requests for proposals issued for the purpose of privatization. **Governor:** Deleted. **Senate and House:** Retained current law. (Sec. 816)
3. **Legacy Cost Estimates.** Total legacy costs are estimated at \$78,962,000. Of the total, pension-related legacy costs are estimated at \$43,795,600 and retiree health care legacy costs are estimated at \$35,166,400 for fiscal year ending September 30, 2017. **Governor:** Provided the following Legacy Costs estimates for FY 2018: Total legacy costs estimated at \$84,145,300. Of that total, \$43,301,700 are for pension-related legacy costs and \$40,843,600 are for retiree health care legacy costs for the fiscal year ending September 30, 2018. **Senate and House:** Concurred with Governor. (Sec. 822e)
4. **Office of Good Government.** Language states that the funds appropriated in Part 1 shall be used to expand the Office and to broaden the office's support of transformative good government initiatives. **Governor:** Deleted. **Senate and House:** Concurred with Governor. (Current Law Sec. 822j)
5. **Hawthorn Center Appraisal.** Language requires DTMB to work with the Department of Health and Human Services on an appraisal of state-owned lands and buildings at the Hawthorn Center Psychiatric Hospital Facility for Children and Adolescents. The Department also must create a proposal for possible replacement of the facility and submit the appraisal and proposal to the legislature by March 1, 2017. **Governor:** Deleted. **Senate and House:** Concurred with Governor. (Current Law Sec. 822k)
6. **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:** Deleted. **Senate and House:** Retained current law. (Sec. 822m)
7. **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:** Deleted. **Senate and House:** Retained current law. (Sec. 822n)
8. **MAIN Access.** Provides for access to all historical and current data contained within MAIN for the Legislature and State departments. **Governor:** Adds "or its successor" due to MAIN being replaced by SIGMA. **Senate and House:** Concurred with Governor. (Sec. 825)

9. **Cyber Security System Improvements.** Language states that the increased funding for cyber security shall be used to increase cyber security by developing a comprehensive security framework. **Governor:** Deleted. **Senate and House:** Concurred with Governor. (Current Law Sec. 837)

Conference Agreement on Items of Difference

10. **Request for Proposals Website.** Requires DTMB to maintain an Internet website that contains notice of all invitations to bid and requests for proposals over \$50,000. Prohibits the Department from accepting a bid or proposal less than 14 days after the request was made available on the website. **Governor:** Deleted. **Senate:** Retained current law. **House:** Retained current law. **Conference:** Concurred with Senate. (Sec. 810)
11. **NEW. Pilot Project to Provide Comprehensive Vendor Information.** **Senate:** Added new language to provide 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. **House:** Provided similar language in Section 838. **Conference:** Concurred with combined and revised Senate and House language. (**NEW** Sec. 810a)
12. **Space Consolidation.** Requires the Department to develop a plan regarding the use of space consolidation funds and report annually to the Legislature. **Governor:** Deleted as project has been completed. **Senate:** Concurred with Governor. **House:** Retained current law. **Conference:** Concurred with Senate. (Current Law Sec. 821)
13. **Report for Office of Urban Initiatives.** Requires a report by April 15 to the Legislature, the State Budget Director, and the fiscal agencies on the expenditures for the office of urban initiatives. The report shall provide information detailing the economic impact and job growth initiatives for each urban and metropolitan area receiving funds under Part 1. **Governor:** Deleted as Office is transferred to the Executive Office. **Senate:** Concurred with Governor. **House:** Moved to Sec. 501 in the Executive Office section. **Conference:** Concurred with Senate. (Current Law Sec. 822h)
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. Includes annual reporting requirement regarding receipt and expenditure of funds under this section. **Governor:** Deleted reporting requirement. **Senate:** Concurred with Governor. **House:** Retained current law, including the reporting requirement. **Conference:** Concurred with House. (Sec. 824)
15. **Modernization of State IT Systems.** Language states that the increased funding shall be used to modernize the State's IT systems and integrate State system interfaces to improve customer service. **Governor:** Deleted. **Senate:** Retained current law. **House:** Concurred with Governor. **Conference:** Concurred with Senate. (Sec. 836)
16. **NEW. Cyber Security Use of Funding.** **Governor:** Added new language specifying metrics to be measured regarding cyber security. **Senate:** Concurred with Governor. **House:** Concurred with Governor and added a reporting requirement due by March 15 describing outcomes and measures and to provide results and data related to these outcomes and measures. **Conference:** Concurred with House but retained Senate section number. (**NEW** Sec. 836a)
17. **NEW. Citizen Centric Government.** **Governor:** Added new language specifying metrics to be measured regarding MiLogin and MiPage. **Senate:** Concurred with Governor. **House:** Concurred with Governor but did not include requirement to make online services mobile-friendly and added a reporting requirement by March 15 describing outcomes and measures and to provide results and data related to these outcomes and measures. **Conference:** Concurred with House. (**NEW** Sec. 837)
18. **NEW. MiPage Mobile Center of Excellence.** **Governor:** Added new language specifying metrics to be measured regarding the MiPage Mobile Center of Excellence. **Senate:** Concurred with Governor. **House:** Not included. **Conference:** Concurred with House. (**Proposed NEW** Sec. 838)
19. **Office of Retirement Services.** Language requires the increased funding to be used for expanding the Office's IT capability so as to provide a 90% customer contact satisfaction level. **Governor:** Deleted. **Senate:** Retained current law. **House and Conference:** Concurred with Governor. (Current Law Sec. 839)
20. **NEW Sec. 900. Drinking Water Declaration of Emergency Reserve Fund.** **Governor:** Added new language creating the Reserve Fund. 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. **Senate:** Not included. **House:** Concurred with Governor but increased funding amount to \$25.0 million to match the amount included in the Executive Recommendation appropriation. **Conference:** Concurred with House. (**NEW** Sec. 880)

Date Completed: 7-19-17

Fiscal Analyst: Joe Carrasco, Jr.



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	0.0
GROSS	137,037,000	107,580,000	(29,457,000)	(21.5)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	137,037,000	107,580,000	(29,457,000)	(21.5)
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	137,037,000	107,580,000	(29,457,000)	(21.5)
Less:				
Other State Restricted Funds.....	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	137,037,000	107,580,000	(29,457,000)	(21.5)
PAYMENTS TO LOCALS	0	0	0	0.0

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$137,037,000
Changes from FY 2016-17 Year-to-Date:	
<u>Items Included by the Senate and House</u>	
1. Great Lakes Water Quality Bond. The Governor/Senate/House/Conference increased debt service payments for this bond. Of the total, \$1,411,000 is a reduction in scheduled payments and \$5,403,000 is projected in new bond issuances for FY 2017-18. This increased total debt service payments to \$22,865,000.	3,992,000
2. Clean Michigan Initiative. The Governor/Senate/House/Conference reduced debt service payments for this bond due to projected decreases in scheduled bond payments with no new bonds projected to be issued for FY 2017-18. This decreased total debt service payments to \$62,751,000.	(26,726,000)
3. Quality of Life Bond. The Governor/Senate/House/Conference reduced debt service payments for this bond due to projected decreases in scheduled bond payments with no new bonds projected to be issued for FY 2017-18. This decreased total debt service payments to \$21,964,000.	(6,723,000)
Total Changes	(\$29,457,000)
FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$107,580,000

Boilerplate Changes from FY 2016-17 Year-to-Date: None

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,913.5	1,852.5	(61.0)	(3.2)
GROSS	537,623,200	512,429,800	(25,193,400)	(4.7)
Less:				
Interdepartmental Grants Received	12,562,300	12,613,700	51,400	0.4
ADJUSTED GROSS.....	525,060,900	499,816,100	(25,244,800)	(4.8)
Less:				
Federal Funds.....	39,920,800	27,022,600	(12,898,200)	(32.3)
Local and Private	11,277,700	14,543,500	3,265,800	29.0
TOTAL STATE SPENDING.....	473,862,400	458,250,000	(15,612,400)	(3.3)
Less:				
Other State Restricted Funds.....	367,403,600	359,881,500	(7,522,100)	(2.0)
GENERAL FUND/GENERAL PURPOSE.....	106,458,800	98,368,500	(8,090,300)	(7.6)
PAYMENTS TO LOCALS	186,320,700	186,083,500	(237,200)	(0.1)

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$537,623,200
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. City Income Tax Administration. Governor/Senate/House/Conference** increased this program, which includes \$3,782,100 for ongoing operations and \$1.5 million for one-time appropriations. The ongoing funding increase is to allow the hiring of 20.0 FTEs to support a new city joining the program. The \$1.5 million in one-time appropriations is to implement IT changes in order to include another city. The increase is all supported by the City Income Tax Fund. This brings total appropriations to \$11,185,300 City Income Tax Fund dollars. 5,282,100
- 2. Medical Marijuana Grants and Regulation. Governor/Senate/House/Conference** created this funding to implement Public Act 281 of 2016. Of the total, \$3,960,000 is for the Medical Marijuana Excise Fund grants and the remaining \$675,000 is for regulation and administration of the act. The Excise Fund distributes revenue to municipalities, counties, and county sheriffs in accordance to statute. This funding is all supported by the Medical Marijuana Excise Fund. 4,635,000
- 3. Information Technology for S.A.P.S. Governor/Senate/House/Conference** included one-time appropriations to support Information Technology improvements to the Systems, Application, and Process Support. This appropriation is all supported by GF/GP. 2,000,000
- 4. Lien Fee Increase. Governor/Senate/House/Conference** continues the increase to the Office of Collections due to changes from Public Act 224 and 230 of 2016, which increases the recording fee on Liens from \$10 to \$30. The Department increased IDGs to pay for the additional costs in title XX. 0
- 5. Tax Processing Bureau. Governor/Senate/House/Conference** increased the Tax Processing Bureau to hire 9.0 FTEs and support for tax processing operations in order to further reduce the telephone wait time and processing time of individual tax returns. This increase is all supported by GF/GP. Total appropriation would be \$38.8 million, \$11.0 million GF/GP. 992,200

6. State Lottery. Governor/Senate/House/Conference increased the State Lottery in order to hire 8.0 FTEs to support iLottery games, all supported by State lottery revenue.	716,300
7. Dual Enrollment. Governor/Senate/House/Conference increased Dual Enrollment to reflect pupil increases from the May Consensus Revenue Estimating Conference, all supported by GF/GP. This brings total appropriations to \$2.0 million Gross and GF/GP.	500,000
8. Senior Citizens Cooperative Housing. Governor/Senate/House/Conference increased Senior Citizen Cooperative Housing due to Public Act 78 of 2016, which increased the number of facilities in the program. The increase was supported by GF/GP. This brings total appropriations to \$10.7 million Gross and GF/GP.	200,000
9. Casino Information Technology. Governor/Senate/House/Conference increased Casino Gaming Administration to hire an additional FTE to increase internal control to ensure the security and accuracy of the revenue reported.	149,900
10. Federal Department of Education Funding. Governor/Senate/House/Conference decreased the Michigan Finance Authority, due to decreases in various Federal DOE grants.	(12,955,700)
11. Article XX Supplemental Removal. Governor/House/Senate/Conference removed PA 107 of 2017, Article XX supplemental funding, which included a \$5.0 million GF/GP deposit into the Wrongful Imprisonment Compensation Fund, \$4.4 million in State Restricted funds to increase the Drinking Water Declaration of Emergency, \$2,050,000 in Local revenue for the City Income Tax Administration Program to implement withholding taxes for the City of Detroit, and continues a \$1.3 million IDG increase to the Office of Collection for Lien Fees.	(11,450,000)
12. Health and Safety Fund Grant. Governor/Senate/House/Conference decreased the Health and Safety Fund to reflect actual restricted fund revenue and expenditures from this line item.	(7,500,000)
13. Removal of Grants, One-Time, and Supplemental Funding. Governor/Senate/House/Conference removed \$521,600 in ongoing grants (\$76,000 Plasma Cutting Machine, \$100,000 Gianna House, \$345,600 Student Loan Delinquency Pilot), \$2,842,500 for free individual income tax E-file, the \$100 Drinking Water Declaration of Emergency placeholder, \$3,050,000 from Public Act 340 of 2016, and \$2,700,000 from Legislative Transfer 2017-1 and 2017-5. Of the total decrease, \$6,914,200 was GF/GP and \$300,000 was funded from the Drinking Water Declaration of Emergency Fund.	(9,114,200)
14. Technical Changes. Governor/Senate/House/Conference included a lump sum removal throughout the Department. Of the total decrease, \$280,400 was GF/GP.	(1,663,100)
15. Economic Adjustments. Economic increase of \$3,661,300 Gross and \$715,400 GF/GP.	3,661,300
<u>Conference Agreement on Items of Difference</u>	
16. Payments in Lieu of Taxes. The Governor/House/Conference increased Purchased Lands by 3%, \$96,600 of which was GF/GP. The Senate did not include this increase.	252,800
17. Urban Search and Rescue. Governor/Senate removed \$500,000 for Urban Search and Rescue. House included the \$500,000. Conference increased an additional \$400,000.	400,000
18. FTE Transfers and Adjustments. Governor and Senate moved the Financial Review Commission to the Financial Independence Team, FTEs from Tax Policy to City Income Tax, and rolled out the Office of Revenue and Tax Analysis line item from Tax and Economic Policy. Senate removed 212.0 FTE positions throughout the Department. Conference removed 100.0 FTE positions throughout the Department.	0
19. Fund Shift. Senate fund shifted \$5.0 million in GF/GP to Delinquent Tax Collection Revenue, keeping gross the same, but reducing GF/GP by \$5.0 million. Conference did not include the fund shift.	0
20. Placeholders. Senate included one \$100 placeholder for NextGen 911 improvements. Conference did not include.	0
21. Reductions. Conference reduced \$500,000 from the Supervision of the General Property Tax Law line item and \$1.0 million from the Financial Independence Team line item due to significant work project funding carried forward in those two line items.	(1,500,000)

22. **Financial Data Analytic Tool Reimbursement. Senate** included one \$100 placeholder for reimbursement to local units of government for the costs of financial data analytical tools. **Conference** included \$200,000 GF/GP and transferred \$300,000 GF/GP from the Swamp and Tax line item for \$500,000 toward Financial Data Analytic Tool Reimbursement for cities, villages, townships, and counties. 200,000

Total Changes (\$25,193,400)

FY 2017-18 Initial Ongoing/One-Time Gross Appropriation \$512,429,800

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Reports and Notifications. Governor** deleted and **Senate/House** retained a number of reports, which include: 902a (notification of bond refinancing), 934(2) (Michigan Financial Authority report), and 944 (retention of reports received by pension plan consultants).
2. **Minimum Assessing of Requirement Review. Governor/Senate/House/Conference** modified the section involving minimum assessment of requirements review of localities from one locality in every country reviewed annually to requiring that every locality be reviewed at least once every five years. (Sec. 945)
3. **Medical Marihuana. Governor/Senate/House/Conference** included a new section that specifies that revenue from the Medical Marihuana Excise Fund must be administered and distributed in accordance to statute. (Sec. 949h)
4. **City Income Tax Administration. Governor/Senate/House/Conference** included a new section that references the increased ongoing appropriations to the City Income Tax Administration and specifies that the appropriations be used to include another city in the program. (Sec. 949i)
5. **Wrongful Imprisonment Fund. Governor/Senate/House/Conference** included a new section that creates the Wrongful Imprisonment Fund and specifies that the funds must be used in accordance to PA 343 of 2016. (Sec. 949j)
6. **Technical Modifications. Governor/Senate/House/Conference** made a number of technical adjustments such as revised dates, legacy estimates, and standardizing language. (Secs. 915 and 948)

Conference Agreement on Items of Difference

7. **Deleted Sections. Governor** and **Conference** deleted a number of other sections, which include: 936 (student loan delinquency pilot program), 940 (state capital historic fund), and 963 (ban DHS bridge cards from being used to purchase lottery tickets, which is already in statute).
8. **Personal Property Tax Report. Governor** deleted and **Conference** retained the PPT report. (Sec. 927)
9. **Urban Search and Rescue. Governor/Senate** deleted and **House/Conference** retained the boilerplate section that outlines the \$900,000 in funding. (Sec. 949g)
10. **Equine Development Fund. Governor** made modifications to two sections that involve the Equine Development Fund and proration. The first change removed laboratory analysis from the exception of being prorated in the event revenue is less than expenditures. The second change was to remove language that allows the Racing Commission to reduce the number of race dates in the event that revenue is less than the regulatory costs. **Senate/Conference** concurred with the modification in sec. 977, but maintained current law in sec. 978. (Secs. 977 and 978)
11. **Notification of Personal Property Tax Reimbursement. Senate/Conference** included a new section that requires the Department to notify recipients about the Personal Property Tax reimbursement, including that future payments may be adjusted in the event that errors are discovered from the current year payments. (Sec. 920)
12. **Financial Data Analytical Tool Reimbursement. Senate/Conference** included a new section that outlines reimbursement for financial data analytic tools for cities, villages, townships, and counties. (Sec. 936)
13. **NextGen 911. Senate** included a new section that outlines that funding for NextGen 911 be used to support modernization projects approved by the Public Service Commission. **Conference** did not include. (Sec. 938)

14. **Lottery Promotion. Senate** modified language to remove the \$25.0 million cap on lottery promotion, but retained language allowing the bureau to use up to 1% of gross lottery sales toward lottery promotion. **Conference** increased the cap to \$30.0 million for lottery promotion. (Sec. 964)
15. **Millionaire Party Boilerplate Appropriation. House/Conference** reduced appropriations from \$4.0 million to \$3.0 million to reflect actual administrative costs of millionaire parties. (Sec. 979)
16. **Close-Loop Payment. Conference** included language that allows the Department of Treasury to establish a 'closed-loop' payment processing and digital patient identification and authentication system to create accounts to be used by patients and caregivers at licensed dispensaries and licensed marijuana businesses approved by State statute. (Sec. 943)
17. **Supervision of General Property Tax Law. Conference** included new language that requires the Department to prioritize the property services division within the supervision of General Property Tax Law line item.
18. **Secondary Placement Collections Program. Conference** included new language that requires the Department to issue an RFP for secondary placement collections services. (Sec. 903)

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	0.0
GROSS	1,259,435,300	1,278,215,000	18,779,700	1.5
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,259,435,300	1,278,215,000	18,779,700	1.5
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,259,435,300	1,278,215,000	18,779,700	1.5
Less:				
Other State Restricted Funds.....	1,259,435,300	1,269,835,900	10,400,600	0.8
GENERAL FUND/GENERAL PURPOSE	0	8,379,100	8,379,100	0.0
PAYMENTS TO LOCALS	1,259,435,300	1,278,215,000	18,779,700	1.5

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$1,259,435,300
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. Constitutional Revenue Sharing - Year-to-Date Adjustment.** The May 2017 consensus revenue estimated conference increased the estimate for constitutional revenue sharing to \$788,327,800 in FY 2016-17, a 5.1% increase over FY 2015-16. 0
- 2. Constitutional Revenue Sharing.** The Governor, Senate, and House recommended \$773,544,100 for constitutional revenue sharing in FY 2017-18, an increase of 2.3% from the January 2017 consensus estimate for FY 2016-17. Based on May 2017 consensus revenue estimates, Conference appropriated \$798,087,800 for constitutional revenue sharing, a projected 1.2% increase over the revised estimate for FY 2016-17. This would pay an estimated \$81.00 per capita in FY 2017-18. Constitutional revenue sharing distributes 15% of sales tax revenue collected at a 4.0% rate to cities, villages, and townships on a per capita basis. 9,760,000

Conference Agreement on Items of Difference

- 3. City, Village, and Township Revenue Sharing.** The Governor and House recommended \$248,840,000 in FY 2017-18 for nonconstitutional or "statutory" payments to cities, villages, and townships, the same amount as in FY 2016-17. The appropriation consists of \$243,040,000 in ongoing funding and \$5.8 million in one-time money. Eligibility, payments, and transparency and accountability requirements would be the same in FY 2017-18 as in the current year. The Senate increased funding by 1% to a total of ongoing and one-time funding of \$251,328,400. Conference concurred with House. 0

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|---|-----------|
| <p>4. Supplemental City, Village, and Townships Revenue Sharing. The House added \$12.4 million in one-time GF/GP funding in FY 2017-18 for an additional payment of \$1.62396 per capita to cities, villages, and townships that are eligible for nonconstitutional revenue sharing. The Governor and Senate did not include. Conference added \$6.2 million in one-time GF/GP for payments of \$0.81198 per capita.</p> | 6,200,000 |
| <p>5. Revenue Sharing Payments to Counties. The Governor recommended a total of \$217,908,100 for revenue sharing payments to counties. This amount would be paid through two line items, \$174,747,700 for County Revenue Sharing and \$43,160,400 for the County Incentive Program. The Governor recommended increases of \$513,700 for County Revenue Sharing and \$126,900 for the County Incentive Program to cover the cost of two counties (Alcona and Charlevoix) that received part-year funding in FY 2016-17 and will be eligible for full-year funding in FY 2017-18. All other eligible counties will receive the same payments in FY 2017-18 as in FY 2016-17, assuming continued compliance with the accountability and transparency requirements of the County Incentive Program. The Senate included the Governor's recommended increases for new counties. The Senate also increased total payments for eligible counties by 1% or \$2,179,100 GF/GP and placed the entire increase in the appropriation for County Revenue Sharing. The recommendation included a total of \$220,087,200 for counties, consisting of \$43,160,400 for the County Incentive Program and \$176,926,800 for County Revenue Sharing. The House concurred with the Governor. Conference concurred with Senate.</p> | 2,819,700 |
| <p>6. Financially Distressed Cities, Villages, or Townships. The Governor and Senate recommended \$5.0 million in FY 2017-18 for this grant program, the same amount as in FY 2016-17. The House recommended \$4,999,900 for this program. Conference concurred with Senate.</p> | 0 |
| <p>7. Sheriff Patrol Assistance for Financially Distressed Communities. The House added a \$100 placeholder for this proposed program. The Governor and Senate did not include. Conference did not include.</p> | 0 |

Total Changes	\$18,779,700
FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$1,278,215,000

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **County Incentive Program.** The Governor recommended the same payment calculation for FY 2017-18 as in FY 2016-17. The Senate and House concurred. (The Senate 1% increase in total revenue sharing payments to counties was built into the line item for County Revenue Sharing.) (Sec. 952(2))
2. **Online Option for Citizen's Guide to Finances.** The Governor added an option for a city, village, township, or county to certify that it is using the Department of Treasury online system for the citizen's guide to its finances instead of submitting a paper copy. The Senate and House concurred. (Sec. 952(3))
3. **Extend Due Date for Accountability and Transparency Reports and Certification.** The Governor extended from December 1 to April 1 the date by which an eligible city, village, township, or county is required to complete its accountability and transparency requirements without forfeiting any payments for which it is eligible. Currently revenue sharing payments are made on the last business day of October, December, February, April, June, and August. A local government must satisfy the accountability and transparency requirements by December 1 or the first day of a subsequent payment month. All eligible local governments receive the first payment which is made prior to the due date for the accountability reports. If the accountability and transparency certifications are not made by December 1 or the first day of any subsequent payment month, the payment for that month (1/6th of the total) is forfeited. Under the Governor's proposal, a local government that did not complete accountability requirements by December 1 but satisfied the requirements by April 1, would be able to receive ("defer" instead of forfeit) its second and third revenue sharing payments in August. The Senate and maintained current law. (Sec. 952(4)(e))

Conference Agreement on Items of Difference

4. **City, Village, and Township Revenue Sharing.** The **Governor** set the amount that an eligible local government can receive at 100% of the eligible payment under Public Act 84 of 2015. The **Senate** established the eligible payment amount at 101% of the eligible payment under Public Act 268 of 2016. The **House** set payments at 100% of the eligible amount under Public Act 268 of 2016, which would result in the same payments as the Governor. **Conference** concurred with House. (Sec. 952(1))
5. **County Revenue Sharing.** The **Governor and House** recommended the same payments in FY 2017-18 as in FY 2016-17. The **Senate** proposed that payments in FY 2017-18 be 101.986% of the payments for which counties are eligible under the Glen Steil State Revenue Sharing Act. This results in a total revenue sharing payment (from both the County Incentive Program and County Revenue Sharing) for which a county is eligible in FY 2017-18 that is 1% greater than the total of those payments in FY 2016-17. **Conference** concurred with the Senate. (Sec. 955)
6. **Supplemental CVT Revenue Sharing.** The **House** added a revenue sharing distribution of \$12.4 million for payments of \$1.62396 per capita to CVTs that currently are eligible for CVT revenue sharing ("statutory"). **Conference** included the program at \$6.2 million or \$0.81198 per capita. (Sec. 957)

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	15,597.5	15,611.5	14.0	0.1
GROSS	24,979,554,400	25,444,884,600	465,330,200	1.9
Less:				
Interdepartmental Grants Received	13,513,700	13,640,900	127,200	0.9
ADJUSTED GROSS	24,966,040,700	25,431,243,700	465,203,000	1.9
Less:				
Federal Funds.....	18,120,036,000	18,364,898,000	244,862,000	1.4
Local and Private	276,848,900	266,421,000	(10,427,900)	(3.8)
TOTAL STATE SPENDING	6,569,155,800	6,799,924,700	230,768,900	3.5
Less:				
Other State Restricted Funds.....	2,226,266,900	2,434,439,800	208,172,900	9.4
GENERAL FUND/GENERAL PURPOSE	4,342,888,900	4,365,484,900	22,596,000	0.5
PAYMENTS TO LOCALS	1,335,730,700	1,356,864,000	21,133,300	1.6

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$24,979,554,400
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. Medicaid and Related Match Rates.** Conference reflects drops in traditional Medicaid match rate to 64.78%, Title XXI match rate to 98.35%, and expansion Medicaid match to 94.0% effective January 1, 2018. Total cost increase of \$99.3 million GF/GP. 0
- 2. Other Fund Source Adjustments.** Conference reflects numerous fund source shifts, including a \$9.5 million reduction in available Temporary Assistance for Needy Families (TANF) revenue, \$26.5 million additional available Tobacco Settlement revenue, and a \$109.1 million increase in Health Insurance Claims Assessment (HICA) revenue. Total GF/GP savings from these and other smaller fund source shifts of \$142.9 million. 0
- 3. Reversal of FY 2016-17 Adjustments.** Budget does not include a \$46.4 million information technology boilerplate appropriation or \$14.7 million in FY 2016-17 contingency fund transfers. (76,739,900)
- 4. Medicaid Actuarial Soundness Adjustments.** Conference includes 1.0% increases for traditional and expansion Medicaid managed care organizations for physical health and behavioral health to ensure rates paid meet Federal actuarial soundness requirements. 86,600,800
- 5. Adjustments to Special Medicaid Payments.** Conference includes reductions to special hospital payments to reflect the maximum allowable Federal amounts as well as adjustments to special financing payments and payments to publicly affiliated clinics. \$9.7 million GF/GP savings. (149,264,500)
- 6. Removal of FY 2016-17 Lump Sum Adjustment.** \$5.1 million GF/GP savings. (12,274,900)
- 7. Changes in Federal Grants.** Conference recognizes increases in available Federal grants. 20,446,200

<p>8. Economic Adjustments. Includes \$27.9 million Gross and \$13.8 million GF/GP for economic adjustments.</p> <p><u>Conference Agreement on Items of Difference</u></p> <p>1. Healthy Michigan Plan Base and Caseload. Conference reflects May 15, 2017 consensus among the House Fiscal Agency, the Senate Fiscal Agency, and the State Budget Office. Caseload is expected to exceed 670,000.</p> <p>2. Traditional Medicaid Base and Caseload. Conference reflects May 15, 2017 consensus estimates, showing an increase in expenditures.</p> <p>3. Children's Services Programs Base and Caseload. Conference reflects May 15, 2017 consensus on children's services lines, with a slight net decline in costs.</p> <p>4. Public Assistance Programs Base and Caseload. Conference reflects May 15, 2017 consensus on public assistance programs, with a continued decline in caseloads.</p> <p>5. Annualization of Expiration of Medicaid Managed Care Use Tax. Budget reflects annualization of expiration of the Medicaid managed care Use Tax (\$41.7 million GF/GP savings).</p> <p>6. Program Enhancements. Enhancements include expansion of the nursing home quality assurance assessment program (\$73.0 million) and the integrated service delivery system (\$45.1 million). The budget includes increases in the homeless per diem, the Michigan Youth opportunity initiative, senior services, neonatologist Medicaid fee screens, population health programming, foster care private agency administrative rates, and guardianship reimbursement. Budget also includes adult services and state facility staffing increases, expansion of the Pathways to Potential program, a new Medicaid non-emergency transportation initiative, efforts to combat vapor intrusion, and a \$0.50 per hour direct care worker wage pass-through. The budget also includes funding (\$3.1 million Gross, \$1.0 million GF/GP) for the Section 298 pilot programs.</p> <p>7. Program Reductions. Reductions include a 10.0% reduction in Mental Health and Wellness Commission programming (\$2.2 million Gross; \$745,600 GF/GP) and elimination of the Health Innovation Grants line (\$1.0 million Gross and GF/GP).</p> <p>8. Other Changes. Other changes result in a small increase in funding.</p> <p>9. Removal of FY 2016-17 One-Time Gross Funding. Reductions include removal of \$48.5 million in one-time information technology funding, \$15.1 million in funding related to the drinking water declaration of emergency (to be replaced with new funding in FY 2017-18), and \$6.1 million in family preservation funding.</p> <p>10. FY 2017-18 One-Time Gross Appropriations. Funding includes \$14.0 million related to the drinking water declaration of emergency, \$5.7 million for a direct primary care pilot, shifting of \$1.0 million for the U-D dental clinic and \$500,000 for university autism programs to one-time, \$1.3 million for the child lead poisoning elimination board, and various other grants.</p>	<p>27,856,400</p> <p>256,737,500</p> <p>300,055,900</p> <p>(14,534,800)</p> <p>(9,089,700)</p> <p>(157,891,000)</p> <p>239,042,200</p> <p>(5,205,000)</p> <p>5,513,700</p> <p>(70,587,400)</p> <p>24,664,700</p> <hr/> <p>Total Changes \$465,330,200</p> <hr/> <p>FY 2017-18 Initial Ongoing/One-Time Gross Appropriation \$25,444,884,600</p> <hr/>
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Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Legacy Costs.** Senate and House modified language to specify legacy costs for FY18, to include \$172.7 million for pension-related costs and \$162.9 million for retiree health care costs. (Sec. 214)
2. **Marihuana Regulatory Fund.** Senate and House included new language directing the use of revenue from the marihuana regulatory funds be used to improve physical health, expand access to substance use disorder prevention and treatment services; and strengthen existing prevention, treatment, and recovery systems. (Sec. 909)

Conference Agreement on Items of Difference

3. **Updated Report on DCH/DHS Merger.** Senate included language that requires department to report annually on the statewide impact of the merger. New metrics include well-being, direct and indirect costs or savings, detailed explanation of the integrated service delivery, and consolidation planning. House removed language. Conference concurred with House. (Sec. 233)
4. **Behavioral Health Integration Pilots.** Senate included new language requiring the Department to allow pilots that integrate Medicaid behavioral and physical health. States that the goal of the demonstration models is full integration of Medicaid behavioral and physical health services by September 30, 2020. Requires any savings be reinvested into services for the behavioral health pilot population and that a neutral, independent, third party evaluate the results of the pilot. Requires a report on savings by April 1. Conference removed. (Sec. 234).
5. **Limits on Administrative Component of New Contracts.** Senate modified language to require a minimum of 95% of contracts financed through GF/GP or State Restricted funds must be spent on direct services. The language allows exceptions to be made if it can be demonstrated that they are necessary. House kept current-year language. Conference concurred with House. (Sec. 288)
6. **FTE Report.** Senate included language that requires an FTE report that compares actual FTEs to appropriated FTEs by appropriation unit. House kept current-year language. Conference concurred with Senate. (Sec. 297)
7. **Medicaid Behavioral Health Workgroup.** Senate revised current language to require the Department to continue working with the Sec. 298 workgroup to improve the coordination of Medicaid physical and behavioral health. States legislative intent that the Department consider the outcomes of pilots implemented under this section as well as financial integration pilots when making recommendations for future service delivery, and requires that a party evaluate the pilot results. Conference modified language to require the Department to contract with a project facilitator to develop performance metrics and provide oversight and implementation functions, partner with a CMHSP in Kent to implement a physical and behavioral health integrated service demonstration model, implement up to 3 additional pilots to achieve full financial integration, work to fully implement all pilots by March 1, 2018, reinvest all realized benefits and cost savings back into supports and services in the counties where the savings occurred, states legislative intent about the purpose of the pilots, requires the department to contract with one of the state's research universities to evaluate the pilot, appropriates funding to support the implementation of the pilot and requires the Department to provide the spending plans by December 1, requires a report by November 1 on the time frame for implementation and any barriers to implementation, and requires a report from the managing entity of the pilot on the outcomes of the pilot within 30 days of completion of the pilot. (Sec. 298)
8. **Unlicensed Relative Care Placement.** Conference added language that requires DHHS to report data about unlicensed relative placements and to grant waivers for unlicensed relative placements when conditions are met and assessments by the department have been completed. (Sec. 512)
9. **Private Child Placing Licensing Review.** Senate revised language to include summaries of actions undertaken to revise, improve, and identify weaknesses in the current annual licensing process and annual contract compliance. Conference concurred with Senate. (Sec. 532)
10. **Foster Care Funding Source Determination.** Senate added language that prohibits any revision to an original status of a youth for the fund source determination. Conference concurred. (Sec. 550)
11. **Unpaid Case Coverage.** Senate added language to require the department to pay a per diem payment for all cases on a caseworker's caseload for entire duration of care. Conference modified language to allow for DHHS' option to pay these cases. (Sec. 573)
12. **Licensure of Relative Caregivers Incentives.** Senate modified section to appropriate \$3,500,000.00 for the private agency facilitated licensure of relative caregivers as foster parents. For licensures completed within 210 days, \$4,500.00 per case is granted and for licensures completed after 210 days, \$3,500.00 per case is granted. Conference changed the completion to 180 days with modifications to allow for timing disparities on when the case has been received. (Sec. 574)
13. **Probation/Parole Absconder Public Assistance Report.** Senate included new language requiring a report on public assistance recipients who are parole and probation absconders. Conference modified the statute reference and added a new section. (Sec. 619)
14. **PIHP Administrative Cost.** Senate modified language to require any consolidation of administrative functions demonstrate through independent analysis, a reduction in administrative costs resulting in greater spending on direct services. Also places limits on what types of spending to which savings may be applied. House modified language to expand requirements to include CMHSPs. Conference concurred with Senate. (Sec. 1008)

15. **Direct Care Worker Wage Pass Through.** Senate included new language requiring the Department to create a pool available to PIHPs in order to increase direct care work wages by \$0.50/hour beginning April 1. PIHPs must apply to the Department to receive funds and then provide a report on the actual expenditures of pool funds and the range of wages impacted. House included new language increasing direct care worker wages by \$0.25/hour beginning October 1, and requires PIHPs to report on worker's wages before and after the wage increase. Conference maintained House language as subsection (1) but changed the wage increase to \$0.50/hour. In order to receive funds, PIHPs must provide a report on the actual expenditures of funds and the range of wages impacted to the Department by February 1. Conference added a new subsection requiring the Department to report to the legislature by March 1 on the information provided by the PIHPs on February 1. (Sec. 1009)
16. **Caro Regional Mental Health Center.** Conference included new language requiring that funds appropriated for the Caro Regional Mental Health Center only be used to support a psychiatric hospital at its current location. States legislative intent that any future capital outlay funding be used for planning and construction at the current location. (Sec. 1061)
17. **Nursing Facility Quality Measure Initiative.** Senate and House included new language directing the Department to implement a nursing facility quality initiative, financed through an increase in the Nursing Home QAAP, to provide quality incentive payments to reward improvements in outcomes for nursing facility patients and residents. Conference modified language to define the criteria by which the incentive payments are to be distributed and state legislative intent that the department evaluate the program's effectiveness on increasing quality. (Sec. 1646)
18. **GME Quality Data Reporting.** Senate modified language to require that 25% of a hospital's graduate medical education payments be withheld if the hospital does not submit the data to a qualifying organization by January 1, 2018. House changed the submission date to July 1. Conference concurred with Senate. (Sec. 1805)
19. **Electronic Service Verification.** Senate added new language appropriating \$1.5 million to develop and deploy a mobile electronic service verification solution, which must include biometric identity verification, to reduce error and minimize fraud in the Adult Home Help Program. Conference concurred with Senate. (Sec. 1851)
20. **Medicaid Pharmaceutical Carve-Out.** Senate added new language requiring the Department to report by April 1 on the number of prescriptions paid by the Department, the total amount spent on prescriptions, the total amount of rebates provided by pharmaceutical manufacturers, and the number and total spent on generic equivalents. Conference concurred with Senate, but removed reporting requirement on the total amount of rebates received. (Sec. 1858)
21. **Healthy Michigan Plan (HMP) Uncollected Co-Pays.** Senate included new language requiring the Department to report by March 1 on the number of HMP participants who haven't paid their co-pays, the total amount of uncollected co-pays, and the steps taken by the Department and health plans to ensure greater collection of co-pays. Conference concurred with Senate. (Sec. 1860)
22. **Partial Child Care Fund Reimbursement.** Senate added language to require reimbursement to counties for the undisputed portion of received reimbursement requests with within 45 days of the receipt of those billings. Conference concurred in part and added requirement that DHHS complete necessary IT modifications to make this possible. (Sec. 1904)
23. **Direct Primary Care Pilot.** Senate and House revised language to appropriate funds to implement a Direct Primary Care Pilot in Wayne, Oakland, Kent, Genesee and Livingston counties. Language specifies that the Department must seek a waiver to contract directly with direct primary care providers, the make-up of the pilot, required contract provisions, a quarterly reporting requirement, and designates unexpended funds as a work project. Conference modified language to include the funding level from the House language, but the implementation language from the Senate. (Sec. 1913)

Date Completed: 7-19-17

Fiscal Analysts: Ellyn Ackerman, Steve Angelotti, and John Maxwell



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	336.5	336.5	0.0	0.0
GROSS	66,257,200	66,741,400	484,200	0.7
Less:				
Interdepartmental Grants Received	707,600	707,600	0	0.0
ADJUSTED GROSS.....	65,549,600	66,033,800	484,200	0.7
Less:				
Federal Funds.....	2,000,000	2,014,700	14,700	0.7
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	63,549,600	64,019,100	469,500	0.7
Less:				
Other State Restricted Funds.....	63,399,600	63,869,100	469,500	0.7
GENERAL FUND/GENERAL PURPOSE.....	150,000	150,000	0	0.0
PAYMENTS TO LOCALS	0	0	0	0.0

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$66,257,200
Changes from FY 2016-17 Year-to-Date:	
<u>Items Included by the Senate and House</u>	
1. FY 2016-17 Employee Lump Sum Payments. Technical adjustment to remove these payments to employees. The Senate and House concurred.	(340,800)
2. Economic Adjustments. \$825,000 Gross and \$0 GF/GP for economic adjustments. The Senate and House concurred.	825,000
Total Changes	\$484,200
FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$66,741,400

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. Restored Provisions.** The Senate and the House restored the following sections that were removed by the Governor: a section prohibiting the Department from taking disciplinary action against employees who communicate with the Legislature (Sec. 218); a section prohibiting the Department from developing radio or TV productions (Sec. 219); and a section that limited GF/GP expenditures regarding the Healthy Michigan Plan to meeting reporting requirements (Sec. 221).

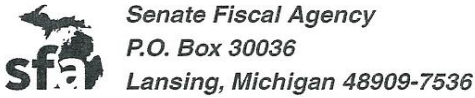
Conference Agreement on Items of Difference

- 2. Definitions.** The Governor removed the definitions for "Fiscal agencies", "LARA", "MBLSLA fund", and "Subcommittees". The Senate removed the definitions for "Fiscal agencies" and "Subcommittees", but kept all others. The House removed the definition for "Fiscal agencies", but kept all others. Conference removed the definition for "Fiscal agencies", but kept all others. (Sec. 203)

3. **Out-of-State Travel Report.** The Governor recommended new language for a less detailed reporting requirement and removed travel restrictions. The Senate retained the language from the previous year. The House retained the section and added language requiring an employee get supervisor approval prior to out-of-state travel. Conference retained the section and added language requiring an employee get supervisor approval prior to out-of-state travel. (Sec. 207)
4. **Contingency Funds.** The Governor recommended non-substantive changes pursuant to boilerplate standardization. The House concurred with the Governor. The Senate retained the language from the previous year. Conference retained the language from the previous year. (Sec. 210)
5. **Restricted Fund Reporting.** The Governor recommended non-substantive changes pursuant to boilerplate standardization. The Senate concurred. The House did not concur and made similar non-substantive language changes. Conference did not concur and made similar non-substantive language changes. (Sec. 212)
6. **Report Retention.** The Governor removed a requirement that reports be retained by the department according to State and Federal laws and the Senate concurred. The House retained the section with minor, non-substantive changes. Conference concurred with the Governor. (Sec. 217)
7. **Healthy Michigan Accounting.** The Governor removed a section requiring the Department to notify the State Budget Office and fiscal agencies of any changes to the existing accounting structure for costs associated with Healthy Michigan. The Senate concurred. The House retained the section, but removed the reporting requirement. Conference retained the section, but removed the reporting requirement. (Sec. 220)
8. **Health Insurance Rate Filings Report.** The Governor removed a section requiring the Department to report to the legislature on the annual rate filings from health insurance issuers. The Senate retained the section, but removed subsection (e), the subsection that required reporting on the estimated percentage of the State's population that is without coverage for more than 6 months in the calendar year. The House also removed this subsection, but added a deadline of September 30 for the remaining reporting items. Conference kept the section in full and added a reporting deadline of September 30. (Sec. 301)

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	510.0	501.0	(9.0)	(1.8)
GROSS	298,768,600	300,043,000	1,274,400	0.4
Less:				
Interdepartmental Grants Received	1,584,600	1,550,600	(34,000)	(2.1)
ADJUSTED GROSS	297,184,000	298,492,400	1,308,400	0.4
Less:				
Federal Funds.....	6,433,500	6,464,100	30,600	0.5
Local and Private	8,307,100	6,924,900	(1,382,200)	(16.6)
TOTAL STATE SPENDING	282,443,400	285,103,400	2,660,000	0.9
Less:				
Other State Restricted Funds.....	92,786,000	92,529,000	(257,000)	(0.3)
GENERAL FUND/GENERAL PURPOSE	189,657,400	192,574,400	2,917,000	1.5
PAYMENTS TO LOCALS	137,775,900	147,230,400	9,454,500	6.9

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$298,768,600
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Court of Appeals judgeship.** Governor restored funding that was eliminated in the FY 2016-17 budget due to anticipated attrition that was not realized. Senate and House concurred. 131,000
2. **Prefunding Judges' Retiree Healthcare.** Governor provided funding to implement prefunding of Retiree Healthcare in the Judicial Retirement System. Increased General Fund was offset with a corresponding decrease from the Court Fee Fund. Senate and House concurred. 0
3. **MIDC transfer to LARA.** Governor transferred the Michigan Indigent Defense Commission to the Department of Licensing and Regulatory Affairs in accordance with 2016 PA 442. Senate and House concurred. (2,329,000)
4. **Judgeship Changes.** Governor reduced funding for three district court and one circuit court judgeship eliminated through attrition and included additional three months funding for the three circuit court judgeships added in FY 2016-17 which received nine months of funding. Also reduced funding for one district court judgeship which was eliminated through attrition. Senate and House concurred. (614,300)
5. **Economic Adjustments.** Includes \$72,600 Gross and \$73,400 GF/GP for OERC and \$4,220,800 Gross and \$4,005,200 GF/GP for other economic adjustments. Also removed one time lump sum payment for FY2016-17 of \$517,300 Gross and \$436,400 GF/GP. Senate and House concurred. 3,776,100
6. **Other Changes.** Governor reduced state restricted funding source to align authorization with available revenue, included funding for private security at the Hall of Justice, and funded increased private rent for SADO and Court of Appeals offices. Senate and House concurred. (1,081,200)

Conference Agreement on Items of Difference

7. Trial Court Videoconferencing Equipment Updating and Maintenance. Governor included \$815,000 for continued maintenance, upgrades and replacement of trial court videoconferencing equipment in courtrooms around the state. House concurred. Senate shifted funding to judicial technology improvement fund. Conference concurred with the Governor.	815,000
8. Pretrial Risk Assessment. Governor included \$605,700 to support the development of a pretrial risk assessment tool in an effort to increase the number of offenders released on personal recognizance while awaiting trial. House concurred. Senate did not include the program. Conference did not include the program.	605,700
9. Veterans Courts. House increased funding by \$436,400. Conference retained the increase.	436,400
10. Michigan Legal Help Program. Governor provided \$100,000 for full year costs of Michigan Legal Self-Help Program. House concurred. Senate shifted total program funding (\$400,000) to judicial technology improvement fund. Conference concurred with Governor.	100,000
11. Community Dispute Resolution. Conference removed previous-year funding for a one-time shortfall.	(500,000)
12. Problem Solving Courts. Governor removed one-time funding (\$250,000) for the expansion of problem-solving courts. House concurred. Senate restored the cut and increased funding to a total of \$1,570,700. Conference included a total of \$219,300 one-time funding.	(30,700)
13. Appellate Public Defender Program. Conference reduced previous-year authorization due to a one-time IDG increase.	(27,500)
14. Judicial Institute. Conference reduced previous-year authorization due to a one-time IDG increase.	(7,100)
15. Swift and Sure courts. Senate increased funding by \$300,000 for Swift and Sure courts. House reduced funding \$500,000. Conference retained funding level from FY2016-17.	0
16. Judicial Information Systems. Senate shifted funding for trial court videoconferencing updating and maintenance and the Michigan legal help program from judicial information systems to the judicial technology improvement fund. Conference retained funding	0
17. Montgomery v. Louisiana Compliance. Governor increased one-time funding to a total of \$750,000 to support the State Appellate Defenders Office compliance with <i>Montgomery v. Louisiana</i> decision. House concurred. Senate reduced funding to \$700,000. Conference reduced funding to \$700,000.	0
18. FY 2017-18 One-Time Gross Appropriations. Conference included \$700,000 GF/GP for <i>Montgomery v. Louisiana</i> compliance (item #17 above), \$300,000 GF/GP for a pretrial risk assessment tool (item #8 above), and \$219,300 GF/GP for the expansion of problem - solving courts (item #12 above).	
Total Changes	\$1,274,400
FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$300,043,000

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Definitions.** Three definitions were removed from the bill: "DOJ" means the United States Department of Justice, "DOT" means the United States Department of Transportation, and "HHS" means the United States Department of Health and Human Services. Senate and House retained all definitions.

2. **Section numbering.** Governor renumbered several sections to maintain consistency across all budget areas. Senate and House concurred.
3. **Updated amounts for Total Legacy Costs.** Governor updated total legacy costs section. The pension-related costs are \$7,815,500 and the retiree health care costs are \$6,777,600. (Sec. 214) Senate and House concurred.

Conference Agreement on Items of Difference

4. **Deletions.** The Governor proposed to eliminate the following sections from current-year boilerplate: 202(2), 204, 205, 207, 211, 212, 306, 312, 322a, 323, 324, 325, 401, and 1201. House deleted sections 211, 322a, 323, 324, 325, and 401. Senate deleted sections 322a, 324, and 325 and 401. Conference deleted the following sections: 322a, 323, 324, 325 and 401. These deletions included language related to one-time appropriations, the Michigan Indigent Defense Commission, and language pertaining to foster care cases.
5. **Judicial Technology Improvement Fund (New Sec. 304).** Senate added a section requiring trial court videoconferencing equipment updating and maintenance and the Michigan legal help program to be funded from the Judicial Technology Improvement Fund, ensure all courts in the State report to the Judicial Data Warehouse (JDW), and allow members of the Legislature to request reports from the JDW and make those reports subject to the Freedom of Information Act. Conference included just the subsection allowing the Legislature and the public to request reports and data from the JDW, unless prohibited from doing so by court order or state or federal law. Any data provided would be public and non-identifying information.
6. **Pretrial Risk Assessment (New Sec. 316).** House added a section directing the Judiciary to pilot a pretrial risk assessment tool and included reporting requirements. Conference concurred.
7. **Problem-solving Courts Expansion (New Sec. 401).** Senate added a section requiring \$68,000 from the problem-solving courts enhancement be allocated to a veterans court in a county with a population of between 250,000 and 251,000 according to the 2010 federal decennial census. Conference concurred, but changed funding source to veterans' courts.

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,202.3	2,322.3	120.0	5.4
GROSS	436,694,400	434,672,000	(2,022,400)	(0.5)
Less:				
Interdepartmental Grants Received	54,016,100	47,835,100	(6,181,000)	(11.4)
ADJUSTED GROSS	382,678,300	386,836,900	4,158,600	1.1
Less:				
Federal Funds.....	65,852,500	65,020,900	(831,600)	(1.3)
Local and Private	363,400	361,800	(1,600)	(0.4)
TOTAL STATE SPENDING	316,462,400	321,454,200	4,991,800	1.6
Less:				
Other State Restricted Funds.....	267,741,300	277,037,600	9,296,300	3.5
GENERAL FUND/GENERAL PURPOSE	48,721,100	44,416,600	(4,304,500)	(8.8)
PAYMENTS TO LOCALS	37,625,700	30,625,700	(7,000,000)	(18.6)

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$436,694,400
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. New Energy Requirements.** The Governor, House, and Senate included \$3,110,500 in Public Utility Assessments and 19.0 FTEs to fulfill various requirements of Public Acts 341 and 342 of 2016, legislation commonly referred to as the 'Energy Package'. 3,110,500
- 2. First Responder Presumed Coverage Fund.** The Governor, House, and Senate included \$1,780,000 from the new Marihuana Excise Tax Fund for claims against the First Responder Presumed Coverage Fund, and \$200,000 for administration. 1,980,000
- 3. Day Care Worker Background Checks.** The Governor, House, and Senate included Federal funds for background checks for day care workers statewide on an ongoing basis. Funds for this purpose were released to states based on new Federal regulations. 800,000
- 4. Natural Gas Pipeline Inspections.** The Governor, House, and Senate included Federal funds and Public Utility Assessments to annualize funding added during FY 2016-17 to meet Federal guidelines with regard to natural gas pipeline inspections. 144,300
- 5. Attorney General Costs for Unlicensed Activity.** The Governor, House, and Senate included restricted funds for Attorney General costs related to investigation and prosecution of unlicensed regulatory activities. 439,300
- 6. Storage Tank Regulation.** The Governor, House, and Senate eliminated \$2.6 million in aboveground and underground storage tank fees and replaced those appropriations with Refined Petroleum Fund (RPF), in accordance with Public Act 467 of 2016. The Act eliminated the collection of the fees and increased the funding mechanism for the RPF from 7/8 cent per gallon of refined petroleum products sold to 1 cent per gallon. 0
- 7. Michigan Indigent Defense Commission.** The Governor, House, and Senate budgets reflected the transfer of the Commission from the Judiciary to LARA pursuant to Public Act 439 of 2016. The Senate included this item. 2,386,800

- 8. **Video Franchise Fees.** The Governor, House, and Senate included additional Public Utility Assessment appropriations to reflect the restoration of these fees. The fees had originally sunset in 2016, but were restored by Public Act 438 of 2016. 300,000
- 9. **Administrative Hearings - Corrections.** The Governor, House, and Senate reduced the IDG received from Corrections to reflect actual hearing caseloads. (200,000)
- 10. **Reduce Overstated Restricted and Federal Funds.** The Governor, House, and Senate included reductions to a number of line items and restricted and Federal fund sources to reflect available revenue. (2,983,300)
- 11. **FY 2016-17 Employee Lump Sum Payments.** Technical adjustment to remove these payments to employees. (1,957,300)
- 12. **Remove FY 2016-17 One-Time Items and Supplemental Appropriations.** (22,142,000)
- 13. **Economic Adjustments.** Includes a negative \$973,500 Gross and a negative \$96,600 GF/GP for OPEB and \$5,250,500 Gross and \$527,500 GF/GP for other economic adjustments. 4,277,000

Conference Agreement on Items of Difference

- 14. **Medical Marihuana - Sales Regulation.** The Governor included an \$18.7 million prorated appropriation from the new Marihuana Regulatory Fund and 108.0 FTEs for the regulation of medical marihuana licensed growers, processors, provisioning centers, and secure transporters. It should be noted that the fund source for this item is distinct from the Michigan Medical Marihuana Fund, and consists of application fees and annual assessments that will be levied upon the aforementioned regulated community. The Senate retained this item, but at a reduced level of \$10.0 million. The House included a reduced amount of \$16.5 million and 88.0 FTEs. The Conference included the Senate's amount of \$10.0 million and 108.0 FTEs. 10,000,000
- 15. **Increase Direct Shipper Enforcement Fund Appropriation.** The Senate and Conference included additional appropriations from this fund to increase enforcement actions against unlicensed sellers of wine. The increase would bring appropriations from this fund to \$300,000. The House did not include this item. 172,200
- 16. **Ethnic Commission Service Expansions.** The Governor and Senate included an additional \$25,000 each for the Hispanic/Latino Commission of Michigan, the Asian Pacific American Affairs Commission, and the Commission on Middle Eastern American Affairs for new initiatives. 75,000
- 17. **Fire Protection Grants Enhancement - One-Time.** The House included an additional \$1.0 million GF/GP for these grants bringing the total to \$10.3 million. The Senate did not include this increase. The Conference included \$1.4 million for this item. 1,400,000
- 18. **Drinking Water Declaration of Emergency.** The Conference included a \$100 placeholder from the Drinking Water Declaration of Emergency Reserve Fund. The placeholder would be used to transfer additional funds should the need arise. 100
- 19. **Liquor Control Enforcement and License Investigation Revolving Fund.** The Conference included an additional \$175,000 from this fund for investigations and enforcement actions by the Michigan Liquor Control Commission. This fund was created in Public Act 434 of 2016; this item would appropriate the funds earmarked for this purpose as prescribed in the Act. 175,000
- 20. **FY 2017-18 One-Time Gross Appropriations.** \$1.0 million GF/GP for Fire Protection Grants Enhancement; \$100 placeholder from Drinking Water Declaration of Emergency Reserve Fund.

Total Changes (\$2,022,400)

FY 2017-18 Initial Ongoing/One-Time Gross Appropriation \$434,672,000

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Communication with the Legislature.** The Governor removed and House and Senate retained a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 218)
2. **TV or Radio Productions.** The Governor removed and House and Senate retained a prohibition against the Department producing radio or TV productions. (Sec. 219)
3. **Regulatory Activities Report.** The Governor removed and House and Senate retained a report providing details on licensing/regulatory activities undertaken by each agency or bureau in the Department. (Sec. 226)
4. **Carbon Dioxide Sequestration.** The Governor removed and House and Senate removed a section requiring the Public Service Commission and Michigan Agency for Energy to explore policies related to carbon sequestration, and produce a report. (Sec. 301)
5. **Low-Income Energy Assistance - Program Management.** The Governor included a new section identifying the Michigan Agency for Energy as the manager of the low-income energy assistance program, pursuant to an agreement with the Michigan Department of Health and Human Services. The House and Senate included this item. (Sec. 301)
6. **Medical Marihuana Report.** The Governor retained a report for this program, but removed the specifications for the report. The House and Senate retained current-year language. (Sec. 507)
7. **Wood Product Manufacturing - Facility Inspections.** The Governor, House, and Senate removed a requirement that MIOSHA establish a consistent method of performing and tracking inspections of these facilities. Requires a report. (Sec. 516)
8. **Bureau of Services for Blind Persons (BSBP) - Identify Federal Match.** The Governor removed and House and Senate retained a requirement that BSBP work with service organizations to identify qualified Federal match dollars. (Sec. 705)
9. **First Responder Presumed Coverage Fund.** The Governor included a new section allowing Fund revenue in excess of those appropriated to be spent on qualified claims. The House and Senate included this section. (Sec. 708)
10. **Indigent Defense - Grants.** The Governor included a new section allowing the Michigan Indigent Defense Commission (MIDC) to spend these grants as they are received, up to \$250,000 from the Byrne formula, and up to \$300,000 from other Federal grants. This language was included in the FY 2016-17 Judiciary budget, as the MIDC part of that budget until last year. The House and Senate included this section. (Sec. 800)
11. **Indigent Defense Reports.** The Governor included a new section requiring reports on various processes in the MIDC. This language was included in the FY 2016-17 Judiciary budget, as the MIDC part of that budget until last year. The House and Senate included this section. (Sec. 801)
12. **MLCC IT Update Metrics.** The Governor, House, and Senate removed a section establishing metrics for IT updates in the MLCC that were included in the FY 2016-17 budget. (Sec. 1001)

Conference Agreement on Items of Difference

13. **Out-of-State Travel Report.** The Governor replaced this report with a less detailed version that is consistent with the report found in most other Department budget bills. The Senate retained current-year language. The House and Conference retained the current-year language with some minor changes. (Sec. 207)
14. **Report Retention.** The Governor and Senate removed a requirement that reports be retained according to State and Federal laws. (Sec. 217)
15. **Healthy Michigan Plan - Accounting Structure.** The Governor removed and Senate retained a section requiring the Department to notify the State Budget Office and fiscal agencies if any changes to the existing accounting structure for costs associated with Healthy Michigan. (Sec. 220)
16. **Employee Performance Monitoring.** The Governor removed and Senate retained a section stating the intent of the Legislature that the Department establish an employee performance monitoring process in addition to what is required by the Civil Service Commission and to produce a report. Additionally, the Senate changed the report to include the number employee evaluations performed. (Sec. 227)

17. **Liquor License Delay Mitigation.** The Governor removed and Senate retained a section requiring the Michigan Liquor Control Commission to utilize funds to invest in technology to mitigate delays in license issuance related to section 503 of the Michigan Liquor Control Code. (Sec. 401)
18. **Unlawful Shipments of Wine.** The Governor removed a section requiring funds to be expended for the investigation and enforcement of unlawful outstate sellers of wine. The Senate included a revised version of this section. (Sec. 402)
19. **Opioid Overprescription Reporting.** The Governor removed and Senate retained a report on administrative actions taken against healthcare providers who overprescribe or overdispense opioids, and that the Department formulate a plan to notify patients of those providers. (Sec. 517)
20. **Michigan Automated Prescription System (MAPS) Upgrades.** The Governor removed and Senate retained a report related to the MAPS system. (Sec. 519)
21. **Medical Marihuana Operation and Oversight Grants.** The Governor included a new subsection to the existing medical marihuana operation and oversight grants to county law enforcement. The new language establishes intent that the grants end in FY 2017-18. The Senate did not include this additional language. (Sec. 12-902[5] of Governor's Rec)

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	898.5	904.5	6.0	0.7
GROSS	178,320,000	179,504,400	1,184,400	0.7
Less:				
Interdepartmental Grants Received	101,800	101,800	0	0.0
ADJUSTED GROSS	178,218,200	179,402,600	1,184,400	0.7
Less:				
Federal Funds.....	92,043,600	92,334,100	290,500	0.3
Local and Private	2,365,200	2,168,400	(196,800)	(8.3)
TOTAL STATE SPENDING	83,809,400	84,900,100	1,090,700	1.3
Less:				
Other State Restricted Funds.....	24,765,800	22,332,600	(2,433,200)	(9.8)
GENERAL FUND/GENERAL PURPOSE	59,043,600	62,567,500	3,523,900	6.0
PAYMENTS TO LOCALS	102,400	142,400	40,000	39.1

*As of July 14, 2107.

FY 2016-17 Year-to-Date Gross Appropriation	\$178,320,000
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Grand Rapids Home for Veterans.** Governor, Senate, and House recommended \$2,820,000 GF/GP to cover additional staff and training costs. 2,820,000
2. **Land Purchases and Appraisals.** Governor, Senate, and House recommended \$1.0 million Restricted for the purpose of departmental property appraisals and land purchases. 1,000,000
3. **D.J. Jacobetti Home for Veterans.** Governor, Senate, and House recommended \$800,000 GF/GP for increased staffing to support ongoing effort to establish Medicaid certification for the facility. 800,000
4. **Grand Rapids Home for Veterans.** Governor, Senate, and House recommended the elimination of one-time appropriations of \$1.0 million GF/GP for a Medicaid certification project. (1,000,000)
5. **Camp Grayling Housing Enhancement.** Governor, Senate, and House recommended the elimination of one-time appropriations of \$300,000 GF/GP to provide a new commander's residence. (300,000)
6. **Homeless Veterans Grant.** Governor and Senate recommended the elimination of one-time grant of \$300,000 GF/GP to address the problem of homeless veterans. (300,000)
7. **Veterans Homes Planning Placeholder.** Governor and Senate recommended the elimination of a one-time placeholder appropriation of \$100. (100)
8. **National Guard Tuition Assistance Program Funding Adjustment.** Governor and Senate recommended a technical funding adjustment for the program. The total recommended appropriation for the program for FY 2017-18 is \$4,007,000, including enhancements. (60,000)

9. Remove FY 2016-17 Supplemental Appropriations. PA 340 of 2016 provided \$1.0 million GF/GP for the Michigan Veterans Facility Authority and \$2.0 million for the Grand Rapids Home for Veterans.	(3,000,000)
10. Technical Adjustment for Actual Revenue Received.	(720,700)
11. Adjustment for FY 2016-17 Contingency Fund Transfers of \$419,800 and supplemental appropriations of \$800,000.	(1,219,800)
12. Unclassified Salaries. Governor and Senate recommended an economic adjustment of \$42,800 GF/GP.	42,800
13. Economic Adjustments. Includes \$1,622,200 Gross and \$476,800 GF/GP for economic adjustments.	1,622,200

Conference Agreement on Items of Difference

14. Michigan Veterans Facility Authority. Governor and Senate provided \$1.5 million in support of administrative operations of authority, established by PA 561 of 2016, et al. House reduced by \$500,000. Conference concurred.	1,000,000
15. Armory Maintenance. Governor continued for FY 2017-18 a one-time appropriation of \$2.5 million GF/GP for armory maintenance. Senate shifted the funding to ongoing appropriations. Conference concurred with Governor and House.	0
16. National Guard Tuition Assistance Program Enhancement. Governor and Senate recommended a \$500,000 GF/GP enhancement for the program to reflect increased participation. House did not include. Conference concurred with Governor and Senate.	500,000
17. Veterans Service Grants. Senate shifted \$72,000 GF/GP from the Michigan Veterans Affairs Agency Administration line item to the grant program to allow for a 2% cost-of-living increase. Conference concurred with Senate.	0

Total Changes	\$1,184,400
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FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$179,504,400
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Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Youth Challenge Program.** Governor, Senate, and House amended language with new subsection granting carryforward status to any unexpended private donations to the program. (Sec 303)
2. **National Guard Tuition Assistance Program.** Governor, Senate, and House amended language with new subsection allowing for the deposit and expenditure of restricted funds based on Part 1 appropriation. (Sec. 307)
3. **Technology.** Governor, Senate, and House removed boilerplate which provides for IDG-pass through billing for technology services supplied by DTMB. (Sec. 311)
4. **MVAA, Veterans Homes and Michigan Veterans Facility Authority.** Governor, Senate, and House amended language by including reference to Michigan Veterans Facility Authority, created by PA 340 of 2016. (Sec. 402)
5. **Board of Managers, Veterans Homes and Michigan Veterans Facility Authority.** Governor, Senate, and House amended language by including reference to Michigan Veterans Facility Authority, created by PA 340 of 2016. (Sec. 401)
6. **Veterans Homes Planning.** Governor, Senate, and House struck language providing guidelines for veterans' homes planning. (Sec. 605)

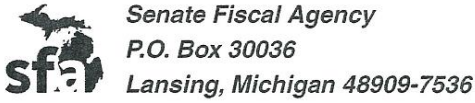
Conference Agreement on Items of Difference

7. **Contingency Funds.** Senate expanded fund source limits for restricted and local revenues to \$3.0 million and \$500,000 respectively. Conference concurred with Senate. (Sec. 210)

8. **Michigan Veterans Affairs Agency (MVAA) Grants to Veterans Service Organizations.** Governor, Senate, and House amended language by removing a specific number of hours of service (116,500) as being a goal of service provided. House specified an hourly fee of \$34. Conference concurred (Sec. 407)
9. **Medicaid and Medicare Certification Standards for D.J. Jacobetti Home for Veterans.** Governor and Senate amended language by modifying schedule for the completion of certification to FY 2017-18. The House set a January 1 deadline; Conference set it at June 1. (Sec. 403)

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,237.8	2,261.8	24.0	1.1
GROSS	421,368,100	408,967,300	(12,400,800)	(2.9)
Less:				
Interdepartmental Grants Received	1,375,900	232,200	(1,143,700)	(83.1)
ADJUSTED GROSS	419,992,200	408,735,100	(11,257,100)	(2.7)
Less:				
Federal Funds.....	77,073,400	70,095,700	(6,977,700)	(9.1)
Local and Private	7,446,400	7,446,000	(400)	(0.0)
TOTAL STATE SPENDING	335,472,400	331,193,400	(4,279,000)	(1.3)
Less:				
Other State Restricted Funds.....	288,212,400	274,248,500	(13,963,900)	(4.8)
GENERAL FUND/GENERAL PURPOSE	47,260,000	56,944,900	9,684,900	20.5
PAYMENTS TO LOCALS	10,900,000	7,154,300	(3,745,700)	(34.4)

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$421,368,100
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Transportation Revenue Package - Recreation Improvement Account.** The Governor, House, and Senate included additional funds to reflect new revenues to the Account due to gas tax increases in the transportation revenue package. These funds are allocated as follows: (\$50,000) Recreation Improvement Fund Grants, \$50,000 Snowmobile Local Grants Program, \$304,800 Forest Recreation and Trails, and \$512,700 Recreational Boating program. This item is an adjustment to increases included in FY 17. 817,500
2. **Forest Fire Equipment.** The Governor, House, and Senate included additional GF/GP to replace aging wildfire equipment. 350,000
3. **Michigan Wildlife Council.** The Governor, House, and Senate included additional authorization for the Council to focus on promoting wildlife conservation. The Council is funded from a \$1 per license surcharge on hunting and fishing licenses. 500,000
4. **Wildlife Management - Increase Federal Funds.** The Governor, House, and Senate included additional Federal Pittman-Robertson funds Michigan is expected to receive due to increased firearm and ammunition sales. 3,908,000
5. **Oil, Gas, and Mineral Lease Compliance.** The Governor included additional State Parks Endowment Fund revenue to hire 2.0 FTEs to ensure lessees remain compliant in their mineral leases. The House and Senate did not include this item. 0
6. **State Park Revenue Bonds - Debt Service Adjustment.** The Governor, House, and Senate included additional revenue to cover increased costs of servicing these bonds. 2,200
7. **MIRecGrants System Support.** The Governor, House, and Senate included additional Federal and restricted funds to support maintenance on the computer system used to manage the Department's recreation grant system. 63,500

8. Capital Outlay. The Governor and Senate included additional funds for State and local boating facilities, East Tawas State Harbor, and wetland restoration and acquisition. Funding breakdown is \$4.3 million Michigan State Waterways Fund and \$1.5 million from waterfowl hunting license fees.	5,842,000
9. Remove FY 2016-17 Capital Outlay. The Governor, House, and Senate removed prior-year capital outlay projects totaling \$842,100 and reduced other capital outlay appropriations including forest development infrastructure, State game and wildlife area maintenance, and State parks repair and maintenance by \$9.6 million in restricted funds.	(10,442,100)
10. Reduce Over-Appropriated Funds. The Governor, House, and Senate reduced appropriations from a number of funds to reflect available revenue.	(5,489,200)
11. Remove FY 2016-17 Employee Lump Sum Payments. The Governor, House, and Senate removed employee lump-sum payments made as part of labor negotiations for FY 2016-17.	(1,481,800)
12. Remove FY 2016-17 One-Time Appropriations and Supplementals.	(29,764,000)
13. Economic Adjustments. Includes a negative \$531,500 Gross and a negative \$92,200 GF/GP for OPEB and \$4,378,500 Gross and \$561,700 GF/GP for other economic adjustments.	3,847,000
<u>Conference Agreement on Items of Difference</u>	
14. State Parks Repair and Maintenance - One-Time. The Governor included an additional \$10.0 million GF/GP for various repair and maintenance projects among Michigan's State Parks. The Senate included this item, but changed the fund source to 'State Restricted Revenues'. The House included \$4.0 million GF/GP for this item; the Conference included \$7.0 million GF/GP.	7,000,000
15. Trail Development. The Governor and Conference included \$5.0 million additional GF/GP for development of nonmotorized trails, focusing on the Iron Belle trail, which will connect Ironwood and Detroit with a walking and biking trail. The Senate included this item, but changed the fund source to 'State Restricted Revenues'. The House included additional GF/GP for this item albeit at a reduced level.	5,000,000
16. Swimmer's Itch Program. The Senate included \$500,000 GF/GP in one-time funds for grants related to efforts to combat swimmer's itch. The Conference included \$250,000 GF/GP for this item.	250,000
17. Conservation Officers. The Governor, Senate, and Conference included GF/GP funding to support ten new conservation officers and two support staff. The House included \$1.2 million for this item.	1,827,500
18. Abandoned Mine Shaft Closure. The Governor included \$2.0 million one-time GF/GP funding for a limited term FTE to coordinate the closure of abandoned mine shafts on DNR-managed public land. This funding would be sufficient to close about half of these facilities, focused on the higher risks to public health and safety. The Senate reduced this amount by \$500,000. The House and Conference did not include this item.	0
19. Wetland Mitigation Banking Program. The Governor included \$403,500 Federal ongoing, and \$3,850,000 GF/GP one-time for the development of a wetland mitigation banking program on tax-reverted lands. The House included \$2.2 million GF/GP. The Senate and Conference did not include the GF/GP portion of this item. The \$3.9 million GF/GP that is not in the conference report is included in Supplemental Request 2017-4, which was recently submitted by the State Budget Office as an FY 2016-17 item.	403,500
20. Land Ownership Tracking System. The Governor, Senate, and Conference included \$1.9 million GF/GP and \$1.0 million from the Forest Development Fund that would enable the Department to complete the rewrite of this computer system which is used to track all state-owned land. The House included a total of \$2.0 million for this system.	2,900,000
21. State Archives - Public Infrastructure Records. The Governor, Senate, and Conference included additional GF/GP to support 3.0 FTEs at the State Archives focused on making public infrastructure records available to the public on a long-term basis. The House reduced the increase to \$188,400.	565,100

22. Chronic Wasting Disease. The Conference included one-time GF/GP for efforts to combat chronic wasting disease in the State's deer herd.	1,000,000
23. Bay City State Recreation Area. The Conference included \$500,000 GF/GP for the reconstruction of a playscape at Bay City State Recreation Area. <i>The Governor vetoed this item.</i>	0
24. Onaway State Park. The Conference included GF/GP for the reconstruction of a pavilion at Onaway State Park. <i>The Governor vetoed this item.</i>	0
25. Shooting Range Improvements. The Conference included GF/GP for improvements to shooting ranges throughout the State.	250,000
26. Invasive Species Prevention and Control. The Conference included additional one-time GF/GP for this program, bringing the total for FY 2017-18 to \$5.2 million.	200,000
27. Off-Road Vehicle and Snowmobile Trails and Law Enforcement. The Conference included additional one-time GF/GP as follows: \$226,200 snowmobile local grants, \$176,200 for ORV trail improvement, and \$100,000 for snowmobile law enforcement. <i>The Governor vetoed these enhancements.</i>	0
28. Minerals Extraction Summit. The Conference included GF/GP for a summit between industries and government agencies to address the issues facing extractive industries.	50,000
Total Changes	(\$12,400,800)
FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$408,967,300

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **Report Retention.** The Governor removed and House and Senate retained a requirement that reports be retained according to State and Federal laws. (Sec. 218)
2. **Communication with the Legislature.** The Governor removed and House and Senate retained a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 220)
3. **Invasive Species Order - Swine.** The Governor removed and House and Senate retained a report on efforts and expenditures related to the enforcement of the invasive species order against swine. (Sec. 503)
4. **Cervid Operation Licensing Fees.** The Governor removed and House and Senate retained a report on the use of cervidae licensing and inspection fees as well as a requirement that those fees be used only for regulation of private cervid operations. (Sec. 504)
5. **Urban Deer Management Plan.** The Governor and House and Senate removed a section requiring the Department to develop an urban deer management plan and to use it as a basis for discussion on the issue with local units of government. (Sec. 505)
6. **Water Control Structure Certification.** The Governor removed and House and Senate retained a requirement that the Department not impede the certification process for water control structures on Michigan waterways. (Sec. 602)
7. **Grand River Waterway Study.** The Governor, House, and Senate removed a section requiring the Department to work with the State Budget Office to establish work project status for funds included in the FY 2013-14 budget for an engineering study on the Grand River. (Sec. 706)
8. **Forest Fire Equipment.** The Governor and House and Senate removed language related to performance metrics for an increase in forest fire equipment replacement that was included in the FY 2016-17 budget. (Sec. 809)
9. **Snowmobile Law Enforcement Grants.** The Governor removed and House and Senate retained a section directing the Department to provide snowmobile law enforcement grants to counties from appropriations for that purpose. (Sec. 901)
10. **Marine Safety Grant Report.** The Governor removed and House and Senate retained a report on marine safety grants to county law enforcement. (Sec. 902)

11. **Forest Management Technology Enhancement.** The Governor, House, and Senate removed language related to performance metrics for an increase in funding in the Forest Management Division for technology that was included in the FY 2016-17 budget. (Sec. 1201)
12. **Land Ownership Tracking System (LOTS) Replacement.** The Governor, House, and Senate removed a section regarding the replacement of the LOTS system. (Sec. 1202)
13. **Invasive Species Program - Increase Interdepartmental Funding.** The Governor, House, and Senate removed language on performance metrics for this FY 2016-17 one-time item. (Sec. 1203)

Conference Agreement on Items of Difference

14. **Waterways Projects Report.** The Governor, Senate, and Conference removed a report on Michigan State Waterways projects completed in the previous fiscal year. The House retained this item. (Sec. 219)
15. **Invasive Species Grant Earmark.** The Governor and Senate removed a requirement that not less than \$3.6 million appropriated for invasive species prevention and control be allocated toward grants. The House and Conference retained this item. (Sec. 251)
16. **Increased Conservation Officers.** The Governor, Senate, and Conference included a new section requiring that increased funds for law enforcement in the Department be used to hire ten new conservation officers and two new support staff. The House reduced the staff number to six. (Sec. 903)
17. **Forest Management Investment.** The Governor and Senate removed language related to performance metrics for an increase in funding in the Forest Management Division that was included in the FY 2016-17 budget. The House and Conference retained this item. (Sec. 808)
18. **Gas and Oil Lease Audit Funding.** The Senate included a new section prohibiting the Department from spending more than \$200,000 auditing gas and oil lease payments. The Conference did not include this item. (Sec. 810)
19. **Swimmer's Itch Pilot Program.** The Governor and House removed language related to FY 2016-17 one-time funding for a pilot program to combat swimmer's itch. The Senate and Conference retained this item and changed it to allow the appropriation to be carried-forward and cover costs incurred before the bill went into effect. (Sec. 1201)
20. **Abandoned Mine Shaft Closures.** The Governor included a new section that established a goal of 50 closures for the new funds included in the budget for this purpose. The Senate included this item, but reduced the goal to 30 closures, consistent with reduced support for the program. The House and Conference did not include this item. (Sec. 1202)

Date Completed: 7-19-17

Fiscal Analyst: Josh Sefton



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	3,226.0	3,437.0	211.0	6.5
GROSS	658,564,400	694,763,900	36,199,500	5.5
Less:				
Interdepartmental Grants Received	26,580,400	26,221,600	(358,800)	(1.3)
ADJUSTED GROSS	631,984,000	668,542,300	36,558,300	5.8
Less:				
Federal Funds.....	87,967,800	83,662,500	(4,305,300)	(4.9)
Local and Private	5,906,600	6,013,300	106,700	1.8
TOTAL STATE SPENDING	538,109,600	578,866,500	40,756,900	7.6
Less:				
Other State Restricted Funds.....	128,796,800	139,423,700	10,626,900	8.3
GENERAL FUND/GENERAL PURPOSE	409,312,800	439,442,800	30,130,000	7.4
PAYMENTS TO LOCALS	17,198,900	14,113,200	(3,085,700)	(17.9)

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$658,564,400
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- Recruit School Second-Year Costs.** Governor, Senate, and House recommended \$6,382,900 GF/GP in additional funds to reflect FY 2017-18 full second-year costs in salary, benefits, CSS&M, and fleet costs for the FY 2016-17 trooper school graduates. 6,382,900
- Medical Marijuana Regulation and Licensing.** Governor, Senate, and House recommended 48.0 FTEs and \$8,775,700 from the Medical Marijuana Fund per PA 281 of 2016 to support \$4,299,500 and 30.0 FTEs in Investigative Services, \$874,500 and 8.0 FTEs in Forensic Science, \$309,200 and 3.0 FTEs in Intelligence Operations, \$709,200 and 7.0 FTEs in Commercial Vehicle Enforcement and Inspections, and \$2,583,300 in departmental rent and fleet leasing costs. 8,775,700
- Forensic Science Enhancement - On going.** Governor, Senate, and House recommended 14.0 FTEs and \$1,840,000 GF/GP for laboratory services, including 10.0 FTEs to work with controlled substances caseloads and 4.0 FTEs for firearms cases. 1,840,000
- Forensic Science Enhancement - One-time.** Governor, Senate, and House recommended \$730,000 GF/GP in one-time funding for the support of biological casework. 730,000
- Forensic Science Testing Supplies** Governor, Senate, and House recommended \$844,700 GF/GP for lab testing supplies including \$444,000 for general forensic testing supplies and consumables and \$400,700 for DNA needs. 844,700
- Equipment Lifecycle Replacement.** Governor, Senate, and House recommended \$1,484,000 GF/GP for lifecycle equipment replacement, including \$1.0 million in one-time appropriations for Secure Cities program which includes in-car cameras and \$484,000 in ongoing appropriations to support replacement of department ballistic vests and tasers. 1,484,000

7. Law Enforcement Officer Job Task Analysis. Governor, Senate, and House recommended \$200,000 GF/GP in one-time appropriations for the Michigan Commission on Law Enforcement Standards (MCOLES) to do a job task analysis to identify the essential skills and abilities for core law enforcement positions.	200,000
8. OK2SAY Hotline Expansion. Governor, Senate, and House recommended 6.0 FTEs and \$608,300 GF/GP for the operation of the student safety hotline.	608,300
9. Sexual Assault Prevention and Education Initiative. Governor, Senate, and House recommended an increase of \$100,000 GF/GP to the grant program to make the higher education initiative a one-time appropriation of \$600,000 GF/GP for FY 2017-18.	100,000
10. Marihuana Excise Tax Funding. Governor, Senate, and House recommended \$660,000 in Medical Marihuana Excise Tax revenue per PA 281 of 2016 to provide \$330,000 to the (MCOLES) for training to local agencies and \$330,000 to the State Police for training and equipment.	660,000
11. FY 2016-17 Trooper School Costs. Governor, Senate, and House recommended the elimination of a one-time appropriation of \$3.2 million GF/GP for FY 2016-17 trooper school costs.	(3,200,000)
12. School Safety Initiative Grants. Governor, Senate, and House recommended the elimination of a one-time appropriation of \$2.0 million GF/GP for school safety grants.	(2,000,000)
13. MCOLES Funding Adjustment. Governor, Senate, and House recommended \$521,200 GF/GP to supplant Secondary Road Patrol and Training Funds per PA 289 of 2016, which had been used for administrative purposes. A technical adjustment also reduced the level of training fund support by \$153,200 to equal expected receipt of funds.	368,000
14. Other Changes. Governor, Senate, and House recommended technical adjustments to align authorization to reflect actual revenues.	(6,060,300)
15. Adjustment for FY 2016-17 Contingency Fund Transfer. (\$1,030,200 for Forensic Science) and for Supplemental Appropriations (\$150,000 for Roadside Saliva Testing, \$4.0 million for Disaster and Emergency Contingency Fund and \$3,908,100 for Drinking Water Declaration of Emergency).	(9,088,300)
16. Unclassified Salaries. Economic adjustment.	18,200
17. Economic Adjustments. Governor, Senate, and House recommendation includes \$13,678,100 Gross and \$10,614,100 GF/GP for economic adjustments.	13,678,100
<u>Conference Agreement on Items of Difference</u>	
18. Trooper School. Governor and House recommended funding of \$9,224,000 GF/GP (\$2,977,100 ongoing and \$6,246,900 one-time) for a new trooper school to begin in June, 2018 to graduate 100 troopers to increase overall departmental enlisted strength to 2,072. Senate added \$3.0 million to allow for 150 graduates, for a school to begin in late July 2018. Conference concurred with Senate.	12,224,000
19. Computer Crimes Unit Expansion. Governor and Senate recommended 8.0 FTEs and \$1,480,300 GF/GP to increase capacity of unit to prevent, detect and investigate cybercrimes. House reduced by \$580,500; Conference concurred with Governor and Senate.	1,480,300
20. Roadside Saliva Testing Pilot. House added \$100 placeholder. Conference did not include.	0
21. Impaired Driving Safety Commission Fund. House added \$100 placeholder. Conference included \$250,000 GF/GP.	250,000
22. Disaster and Emergency Contingency Fund. Governor recommended a one-time replenishment of \$10.0 million GF/GP appropriated to the fund to meet statutory cap amount. The Senate did not include. House included \$7.0 million; Conference included \$5.0 million GF.	5,000,000
23. Emergency Management. Governor and Senate recommended 7.0 FTEs and \$978,900 GF/GP to expand readiness and response capabilities in event of disasters. House reduced by \$419,500. Conference concurred with Governor and Senate.	978,900
24. Fair and Impartial Policing Grants. Governor and Senate recommended \$1.0 million GF/GP in one-time appropriations for training grants to law enforcement agencies, including the State Police. Conference reduced by \$20,000 GF/GP.	980,000

25. Civil Air Patrol. Senate added \$100 placeholder for Civil Air Patrol operational support and training. Conference included \$20,000.	20,000
26. Advanced 9-1-1. Governor recommended the elimination of a one-time appropriation of \$2,200,000 GF/GP to establish advanced 9-1-1 services statewide. Senate included a \$100 placeholder. House included \$2.2 million. Conference concurred with House and continued appropriation of \$2.2 million for 2017-18.	0
27. Michigan International Speedway (MIS) Traffic Control. Governor recommended the elimination of an \$800,000 GF/GP grant to support traffic control at the MIS. Senate included \$650,000 for FY 2017-18; the House, \$800,000. Conference included \$725,000.	(75,000)
28. State Services Fee Fund. Governor and Senate recommended the supplanting of \$4.0 million in State Services Fee Funds with \$4.0 million GF/GP revenue to phase out the use of those restricted funds. The House rejected the shift and conference concurred.	0
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Total Changes	\$36,199,500
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FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$694,763,900
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Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **List of Core Services.** Governor, Senate, and House amended list of departmental core services by updating other titles to conform to Part 1 appropriations. (Sec. 219)
2. **Contractual and Reimbursed Services Revenue.** Governor, Senate, and House added two subsections which allow for receipt and expenditure of revenue for contractual and reimbursed services and provide that such an allowance would be in accordance with SIGMA procedures. (Sec. 221)
3. **Federal Revenues.** Governor, Senate, and House added a subsection to section allowing for the receipt and expenditure of federal funds which would make such an allowance in accordance to SIGMA procedures. (Sec. 224)
4. **Training.** Governor, Senate, and House modified language requiring the development and delivery of training to support law enforcement. (Sec. 401)
5. **Forensic Testing.** Governor, Senate, and House updated language referencing accreditation boards, removed date for when 30-day average turnaround time should be met, deleted alleged duplicative section and moved certain language requiring DNA protocol notices to biometrics section. (Sec. 403)
6. **Biometric Testing.** Governor, Senate, and House shifted DNA protocol notification language from Sec. 403 to Sec. 404. (Sec. 404)
7. **Sexual Assault Kit Analysis.** Governor, Senate, and House changed required report to Legislature date from October 31 to December 1. (Sec. 405)
8. **Intelligence Operations.** Governor, Senate, and House kept intelligence operations language from existing Sec. 701 for specialized services and increase metric requiring an increase of cyber crimes unit cases completed compared to FY 2014-15 from 20% to 40% for FY 2017-18 and added a goal of decreasing backlogs of digital forensic analysis cases until a 60-day turnaround is maintained. House kept the 20% increase metric; Conference concurred with Governor and Senate. (Sec. 701)
9. **School Safety Initiative Grant Program.** Governor, Senate, and House eliminated section relating to guidelines for FY 2016-17 one-time appropriation. (Sec. 901)

Conference Agreement on Items of Difference

10. **Criminal Justice Information Center.** House removed language requiring a report on concealed pistol licensing and criminal history access tool (ICHAT). Conference kept the requirements. (Sec. 402)
11. **Traffic Enforcement.** Governor, Senate, and House increased metric requiring a minimum of 400,000 hours of traffic enforcement to 455,200. Conference changed the minimum number of Belle Isle enforcement from 4,000 to 2,000. (Sec. 601)

12. **Specialized Services.** Governor and Senate pulled specialized services language from Sec. 701 and placed it in Sec. 702. Senate added language requiring a report on law enforcement issues relating to the use of drones, including recommended drone regulation/law enforcement best practices. House did not include drone language. Conference concurred with Senate. (Sec. 702)
13. **Emergency Management.** Governor and Senate updated language to reflect SIGMA procedures and increase metric requirement of providing three training sessions to enhance safe response to natural or manmade disasters to requiring four. Senate added language requiring tracking and a quarterly report on status of critical infrastructure vulnerabilities and protection. House did not include infrastructure report; conference concurred with Senate. (Sec. 704)

Date Completed: 7-19-17

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE*	FY 2017-18 INITIAL APPROPS.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,912.3	2,820.3	(92.0)	(3.2)
GROSS	4,120,063,600	4,347,443,000	227,379,400	5.5
Less:				
Interdepartmental Grants Received	4,013,400	4,039,300	25,900	0.6
ADJUSTED GROSS.....	4,116,050,200	4,343,403,700	227,353,500	5.5
Less:				
Federal Funds.....	1,314,744,000	1,340,301,200	25,557,200	1.9
Local and Private	51,828,500	50,632,000	(1,196,500)	(2.3)
TOTAL STATE SPENDING.....	2,749,477,700	2,952,470,500	202,992,800	7.4
Less:				
Other State Restricted Funds.....	2,739,727,700	2,952,470,500	212,742,800	7.8
GENERAL FUND/GENERAL PURPOSE.....	9,750,000	0	(9,750,000)	(100.0)
PAYMENTS TO LOCALS	1,587,185,200	1,717,843,100	130,657,900	8.2

*As of July 14, 2017.

FY 2016-17 Year-to-Date Gross Appropriation	\$4,120,063,600
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- Metro Detroit Drainage & Flooding Mitigation.** An increase to Highway Maintenance for drainage in Oakland/Macomb/Wayne Counties. House & Senate concurred. 8,500,000
- Local Federal Aid Road and Bridge.** Gov included an increase of Federal funds for local construction due to increased Federal revenue. House and Senate concurred. 5,889,300
- Transit Capital.** Gov's rec. included an additional \$5,496,400 from CTF revenue for Transit Capital. House and Senate concurred. 5,496,400
- Salt Storage Buildings and Containment Contract.** Gov's rec. included this investment from the State Trunkline Fund to renovate existing salt storage facilities. House and Senate concurred. 2,500,000
- Nonurban Operating/Capital.** Gov's rec. included \$2.0 million in additional Federal funds. House and Senate concurred. 2,000,000
- Intercity Services.** Gov's rec. included an additional \$1,810,000 from CTF revenue projections. House and Senate concurred. 1,810,000
- FY 2016-17 One-Time & Supplementals.** Gov's rec. included removal of funding for current year One-Time (\$8,500,000) and Supplemental (\$1,250,000) projects. (9,750,000)
- Debt Service Adjustments.** Gov's rec. included a reduction in Debt Service Adjustments. House and Senate concurred. (8,985,900)
- Movable Bridge.** The Movable Bridge Fund created in FY 2015-16, but not appropriated funds until FY 2016-17. PA 340 of 2016, a supplemental, appropriated two fiscal years of funding for the Movable Bridge Fund; \$5.0 million for each fiscal year, totaling \$10,000,000. For FY 2017-18, Gov recommended a total for the Fund of \$5,110,000, a \$110,000 increase over base funding, but \$4,890,000 less that the \$10.0 million appropriated in FY 2016-17. House and Senate concurred. (4,890,000)

- 10. **Detroit Metro Wayne County Airport.** Gov's rec. adjusted Detroit Airport funding to reflect lower-than-projected revenue from aviation fuel taxes. House and Senate concurred. (2,275,000)
- 11. **Terminal Development.** Gov's rec. moved the funding for this item into Intercity Services and Rail Ops and Infrastructure. House and Senate concurred. (300,000)
- 12. **Other Adjustments.** Baseline increase for Local Bridge Program \$814,300, Service Initiatives \$500,000, and Transportation Asset Management Council \$250,000. \$ 2,270,900 Gross and \$0 GF/GP for all remaining economic, lump sum, and baseline adjustments: includes the adjustments for Dept. Admin \$192,000, IT \$101,400, Transportation Planning \$79,100, Design & Engineering \$1,088,200, Highway Maintenance \$612,600, Blue Water Bridge Ops \$38,300, Aviation Services (\$52,700), Office of Rail \$55,700, Public Transportation Services \$48,600, and Grant adjustments \$107,700. House and Senate concurred. 3,835,200

Conference Agreement on Items of Difference

- 13. **County Road Commissions.** Gov's rec. included an increased distribution to county road commissions due to the road funding package of 2015. Senate concurred. House raised the amount distributed to counties by an additional \$7,883,900 with FTE cuts across several program areas, mostly from Design and Engineering Services. Conference agreed to Gov's rec. 88,941,600
- 14. **State Trunkline Road and Bridge Construction.** Gov's rec. included increase to STF due to road funding package. Senate concurred. House raised the increase to STF by an additional \$19,320,000 from FTE cuts to several program areas. Conference agreed to increase STF by \$9,135,000 from 87 FTE cuts from Business Support (2), Finance (15), Trans Planning (3), and Design (67). 78,053,900
- 15. **Cities and Villages.** Gov's budget included an increase to Cities and Villages due to the road funding package. Senate concurred. House increased the distribution by \$4,116,000 with FTE cuts across several program areas. Conference agreed to Gov's rec. 49,589,000
- 16. **Transportation Economic Development.** The total appropriation for FY 2017-18 was \$42,119,100. Senate concurred. House reduced the Targeted Industries (Category A) by \$10,000,000 in order to increase the appropriation to counties and cities/villages. Conference agreed to Gov's rec. 17,671,600
- 17. **Rail Freight Economic Development.** House reduced the appropriation to Rail Ops and Infrastructure to fund this new line item with \$8,500,000. Conference funded the new line with cuts to Rail Ops and Detroit/Wayne County Port Authority. 8,768,200
- 18. **Local Bus Operating.** Senate reduced the increase to Rail Operations and Infrastructure to add an additional \$1,000,000 for Local Bus Operating. House added \$3,500,000 to Local Bus Operating from Rail. Conference agreed increase funding with cuts to rail operations. 2,000,000
- 19. **Gogebic County Repair Project.** Senate included a placeholder for a project to repair roads in Gogebic County. Senate lowered the increase to Information Technology by \$100 to source the placeholder. Conference did not fund the project. 0
- 20. **Information Technology Improvements.** Gov's rec. has \$1,000,000 for IT modernization projects from the State Trunkline Fund. House concurred. Senate deducted \$100 from IT for a placeholder for the Gogebic County Repair Project. Conference agreed to Gov's rec. 1,000,000
- 21. **Design and Engineering Services.** Gov's rec. included economic, lump sum, and baseline increases. Senate concurred. House cut 149 FTEs and reduced the appropriation from the previous year by \$14,661,800. Conference reduced FTEs by 67 to fund STF construction, but added \$1,000,000 from the planning section. (6,035,000)
- 22. **Local Agency Wetland Mitigation.** The fund was created in FY 2015-16, but not appropriated funds until FY 2016-17. PA 340 of 2016 appropriated two fiscal years funding for Wetland Mitigation Fund; \$2.0 million for each year, totaling \$4,000,000. For FY 2017-18, Gov recommended \$2,000,000, half the amount in FY 2016-17. Senate concurred. House reduced the appropriation to \$100 placeholder. Conference concurred with Governor. (2,000,000)
- 23. **Airport Improvement Program.** Gov recommended a decrease due to low aviation fuel tax revenue. Senate concurred. House lowered the reduction by \$735,000, redirecting funding from Aero Services by reducing 7 FTEs. Conference concurred with Governor. (3,881,000)

24. Rail Operations and Infrastructure. Gov recommended an increase of \$7,596,700. Senate reduced this increase by \$1,000,000 to provide additional funding for Local Bus Operating. House reduced the appropriation from the previous year by \$3,935,200 to provide additional funding to Local Bus Operating and to fund a new line item: Rail Freight Economic Development. Conference reduced the line to provide added funds to Local Bus and Rail Freight.	(2,903,300)
25. Department Administration and Support. Gov's rec. included economic and lump sum adjustments. Senate concurred. Not including unclassified positions, House cut 22 FTEs to free up \$2,310,000 of STF for additional trunkline road and bridge funding. Conference agreed to cut 15 FTEs from Finance line and 2 FTEs from Business Support line, but added \$1,000,000 to the line, after cuts.	(785,000)
26. Aviation Services. Gov recommended decrease in funding and reduction of one FTE. Senate concurred. House cut 7 FTEs & reduced funding by \$735,000. Conference cut five FTEs, but maintained the funding amount.	0
27. Transportation Planning. Gov's rec. included a small increase in economics. Senate concurred. House cut 10 FTEs and reduced the appropriation from the current fiscal year by \$970,900. Conference agreed to cut 3 FTEs, and an additional \$2,000,000 to fund increases to the Design and Administration sections.	(2,315,000)
28. Detroit/Wayne County Port Authority. House reduced to \$100 placeholder. Conference reduced the line to \$200,000 from \$468,200.	(268,200)
29. Unclassified Salaries. Gov's rec. included a baseline increase for unclassified positions. Senate concurred. House two unclassified positions, reducing the appropriation by \$187,400 from the current year. Conference agreed to Gov's rec.	22,600
Total Changes	\$231,689,400
FY 2017-18 Initial Ongoing/One-Time Gross Appropriation	\$4,351,753,000

Boilerplate Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

1. **State Infrastructure Bank Program.** Gov deleted a subsection that required an annual report on the program to Legislature and the State Budget Office. Senate and House retained the subsection. (Sec. 313)
2. **Aircraft Travel Reporting.** Gov removed a subsection requiring a reciprocal agreement, and the related annual report, between Dept. and the Michigan State Police on police use of fixed-wing aircraft. House and Senate concurred. (Sec. 383)
3. **Roads Innovation Fund Report.** Gov removed a section requiring a Dept. report if the Roads Innovation Funds were not released by October 1, 2016. The funds were released and the report is not required. House & Senate concurred. (Sec. 505)
4. **Flooding Mitigation.** Gov included a new section to support highway drainage maintenance activities on limited access State trunklines in Wayne, Oakland, and Macomb counties. House and Senate concurred. (Sec. 605)
5. **Woodhaven Project.** Gov removed a section that encouraged Dept. to provide assistance to the city of Woodhaven for a rail and street separation project. House and Senate concurred. (Sec. 705)
6. **One-Time Special Grants.** Gov removed this section. House and Senate concurred. (Sec. 1001)
7. **Restored Provisions.** Senate & House restored the following sections removed by Gov: prohibition against employee/Legislature communication (Sec. 215); requirement to notify Legislature of Federal law changes (Sec. 217); remanufactured parts (Sec. 270); restrictions on leased Dept. property (Sec. 305); prompt payment of contractors & review of payment process (Sec. 353); review of local Federal aid projects (Sec. 357); cost restrictions on groundbreaking ceremonies (Sec. 375); restrictions on billboard studies (Sec. 376); use of E-Verify system requirement (Sec. 381); final cost-sharing bill to local agencies requirement (Sec. 382); prioritization of funding for existing road networks (Sec. 394); contract incentives & disincentives reporting (Sec. 612); rail line abandonment notification (Sec. 703).

Conference Agreement on Items of Difference

8. **Hydration Catalyst and Sealant Pilot Program.** A new Senate section to require Dept. to conduct & report on a program to cycle test concrete pavement on trunkline treated with a cement hydration catalyst & sealant. Conference did not include this section. (Sec. 302)
9. **Rest Area Signage.** Gov removed a section requiring Dept. to post signs at each rest area identifying the agency or contractor responsible for maintenance. House concurred with Gov. Senate restored the section. Conference removed it. (Sec. 319)

10. **Toll Credits and Limited Access Highway Repairs.** Senate included a new section to require Dept. to use toll credits to secure Federal funds to assist cities in receivership cover the cost of limited access highway repairs assessed prior to December 31, 2016. Conference did not include this section. (Sec. 386)
11. **Best Practices.** Gov removed a section that required Dept. to employ & report best practices for transportation services. Senate kept section, but removed reporting requirement. House restored section. Conference agreed with senate. (Sec. 393)
12. **Additional Maintenance Funds.** Gov retained a section that allowed Dept. to expend \$10.0 million of STF Road & Bridge funds on highway maintenance. Senate amended section, diverting some of this money for a grant program for small communities. House concurred with Gov. Conference agreed with Governor's rec. (Sec. 395)
13. **Contract Assurance.** Gov deleted a section that required Dept. to obtain capability assurances from contractor in soliciting proposals for non-construction contracts. House concurred. Senate retained the section. Conference retained. (Sec. 396)
14. **Work Project Balances.** Senate included a new section requiring Dept. to report to the appropriation subcommittees and fiscal agencies on all work project balances and Federal earmarks not expended for the previous fiscal year. The first report is due on February 1, 2018. Conference agreed. (Sec. 397)
15. **Toward Zero Deaths.** Senate included a new section to require Dept. to continue the Toward Zero Deaths (TZD) campaign. The section requires Dept. to prioritize additional median cable guardrails where appropriate. Conference agreed. (Sec. 398)
16. **Bus Replacement for 5310 Indirect Recipients.** Senate included a new section to require Department to use 5310 Federal funds, as available, to fund bus replacement for 5310 indirect recipients. Conference agreed. (Sec. 403)
17. **Warranty Program.** Gov removed section requiring Dept. develop warranty program with construction consultants for capital road & bridge construction. House retained subsection (5), which requires Dept. maintain documentation of warranted projects and update existing policies. Senate restored the entire section. Conference agreed with House. (Sec. 601)
18. **I-94 in Jackson County.** New Senate section requiring Dept. to expend \$5.0 million of STF funds on design & engineering of a project in Jackson Co. Conference agreed to \$2.0 to \$3.0 million for the project. (Sec. 606)
19. **Animal Removal.** Gov deleted a section that required Dept. and counties under contract to prioritize the removal of dead animal remains whenever practicable. House concurred. Senate restored the section. Conference restored the section. (Sec. 610)
20. **Capital Federal Aid Project Reporting.** House included a new section requiring Dept. to report by February 1, annually, on all capital Federal aid participating construction projects completed in the preceding fiscal year. Conference agreed. (Sec. 613)
21. **Alternative Road Surface Materials.** Gov removed a section that encouraged Dept. to examine the use of alternative or recycled materials for road construction. Removal of this section included removal of the annual reporting requirement on the use of such materials. Senate concurred. House restored the section. Conference restored the section. (Sec. 660)
22. **Winter Maintenance Truck Refurbishment.** A new Senate section that requires Dept. to investigate & report the costs and/or benefits of refurbishing winter maintenance trucks as opposed to sale/retirement of trucks. Conference agreed. (Sec. 670)
23. **Rail Operations and Infrastructure Reporting.** Gov modified a section with new language and reporting deadlines. House concurred. Senate concurred, and added language to require reporting for FY 2016-17. Conference agreed with additional Senate language. (Sec. 704)
24. **Rail Passenger Reporting.** The Governor retained a section requiring the Department to report on Amtrak passenger service. The Senate concurred. The House added a reporting requirement to include fare revenue. Conference agreed. (Sec. 711)
25. **Rail Freight Economic Development.** New House section for Dept. to spend rail freight econ dev funds on preservation & enhancement of state-owned rail property or for rail freight econ dev projects. Conference removed. (Sec. 712)
26. **Freight Economic Development.** Senate included a new section that requires Dept. to expend at least \$2.5 million of funds from Rail Operations and Infrastructure on Freight Economic Development. Conference agreed. (Sec. 750)
27. **Department Ownership and Operation of Airports.** Gov removed an intent section for Dept. to find private entities assume ownership/responsibility of Dept. airports. Senate concurred. House restored section. Conference restored. (Sec. 802)
28. **Aging Aircraft.** Gov removed a section that required Dept. to issue an RFP for competitive bids to manage and sell Dept.'s aging aircraft fleet. Senate retained the section and updated the due date for the RFP to November 1, 2017. House replaced the language of the section, directing Dept. to sell two aircraft. Conference updated reporting date, mandated the RFP be forwarded to subcommittee chairs 30 days prior to release, and required dept. to sell 1 aircraft. (Sec. 803)

Date Completed: 7-19-17

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CONTENT

The bill would provide supplemental appropriations for fiscal year (FY) 2016-17 for fifteen State budget areas. The bill proposes Gross appropriations of \$110.4 million and a net negative \$7.3 million of General Fund/General Purpose (GF/GP) appropriations (due primarily to the reflection of May consensus revenue estimating conference caseload and cost adjustments for Medicaid). All of the supplemental appropriations in the article were determined as a part of the leadership budget target agreement for FY 2017-18. Table 1 summarizes the appropriations in this article.

Table 1

Summary of Supplemental Appropriations

Budget Area	Gross	IDGs	Federal	Local/ Private	State Restricted	GF/GP
Attorney Gen.	\$3,726,300	\$719,300	\$677,000	\$530,000	\$1,800,000	\$0
Corrections	10,750,000	0	0	0	0	10,750,000
Education	14,526,200	0	12,426,200	0	0	2,100,000
DEQ	3,300,000	0	0	0	3,300,000	0
DHHS	16,923,200	0	137,036,200	(2,068,500)	(68,200,600)	(49,843,900)
Judiciary	534,600	34,600	0	0	0	500,000
LARA	13,682,300	7,092,300	975,700	0	614,300	5,000,000
Mil. & Vet. Aff	800,000	0	0	0	0	800,000
DNR	8,158,000	0	4,308,000	0	0	3,850,000
State	0	0	0	0	0	0
State Police	8,058,100	0	0	0	3,908,100	4,150,000
Tal. & Econ Dev	7,336,000	0	0	0	0	7,336,000
DTMB	5,531,000	0	0	0	2,500,000	3,031,000
Transportation	4,310,000	0	0	1,310,000	3,000,000	0
Treasury	12,750,000	1,300,000	0	2,050,000	4,400,000	5,000,000
TOTAL	\$110,385,700	\$9,146,200	\$155,423,100	\$1,821,500	(\$48,678,200)	(\$7,326,900)

FISCAL IMPACT

The bill would increase FY 2016-17 Gross State appropriations by \$110.4 million, Federal revenue by \$155.4 million, and local/private revenue by \$1.8 million. The bill would decrease State Restricted appropriations by \$48.7 million and GF/GP appropriations by \$7.3 million. Table 2 summarizes the details of the appropriations in this article.

BOILERPLATE LANGUAGE SECTIONS

Sec. 201. General. Records amount of total State spending and payments to local units of government.

Sec. 202. General. Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

Sec. 301. Attorney General. Designates a work project for unexpended funds from the \$1.8 million appropriated for legal services related to wrongful imprisonment compensation claims.

Sec. 302. Attorney General. Designates a work project for unexpended funds from the \$1.2 million appropriated for the design, development, and implementation of a case management computer system.

Sec. 351. Corrections. Designates a work project for unexpended funds from the \$2.5 million appropriated for the supervising region incentive program.

Sec. 401. Department of Education. Designates a work project for unexpended funds from the \$7.1 million appropriated for the development (in conjunction with the Department of Licensing and Regulatory Affairs) of comprehensive background checks for child care staff members of all child development and care eligible providers.

Sec. 451. Environmental Quality. Designates a work project for unexpended funds from the \$3.3 million appropriated for the Flint drinking water emergency for Genesee County's back-up water treatment plant.

Sec. 501. Health and Human Services. Allocates \$500,000 (and any associated Federal match) from the medical services administration appropriation towards implementation and use of a cloud-based analytics platform for Medicaid claims, to identify areas of best practice and quality improvement, and allow comparative cost analysis among providers, hospitals, and managed care organizations; requires identification of a methodology to measure savings associated with the use of the analytics platform.

Sec. 502. Health and Human Services. Allocates \$5.0 million from the appropriation for prepaid inpatient health plans to Macomb County.

Sec. 503. Health and Human Services. Requires the department to develop a minimum of 1, and a maximum of 3, fully financially integrated Medicaid and behavioral health pilot projects and demonstration models to alter the behavioral health financial and services delivery systems; requires identification of a time frame by November 1, 2017, and a lease agreement with a project facilitator to establish performance metrics, by August 1, 2017.

Sec. 504. Health and Human Services. Establishes legislative intent that the \$900,000 appropriated for the program of all-inclusive care for the elderly (PACE) be used to provide additional slots in FY 2016-17 for two operating PACE programs (Kent/Wayne Counties).

Sec. 551. Licensing and Regulatory Affairs. Designates a work project for unexpended funds from the \$7.1 million appropriated for the development (in conjunction with the Department of Education) of comprehensive background checks for child care staff members of all child development and care eligible providers.

Sec. 601. Natural Resources. Designates a work project for unexpended funds from the \$4.35 million appropriated for wetland mitigation banks on DNR-managed public lands.

Sec. 602. Natural Resources. Designates a work project for unexpended funds from the \$250,000 appropriated for the swimmer's itch pilot program, and allows reimbursement of costs incurred before the effective date of this article.

Sec. 651. Department of State. Re-designates a work project for unexpended Federal Help America Vote Act funds of \$6.8 million for election reforms.

Sec. 701. Technology, Management, and Budget. Requires the \$500,000 appropriation for the Flint drinking water emergency be used to contract with an integrity oversight monitor to ensure legal compliance and best practices.

Sec. 702. Technology, Management, and Budget. Reiterates the \$75.0 million appropriation for the Budget Stabilization Fund, after repeal of Section 1801 of Public Act 340 of 2016 (the original FY 2016-17 appropriation for the Budget Stabilization Fund) in enacting section 1 of this article. This new section 702 does not include Section 1801 subsection (3) of the original act that directed 25% of the General Fund/General Purpose year-end balance to the Budget Stabilization Fund.

Sec. 751. Treasury. Requires the deposit of the \$5.0 million appropriated for the wrongful imprisonment fund to be deposited into the restricted wrongful imprisonment compensation fund created in Public Act 343 of 2016, and deems the funds "appropriated and available for expenditure to support wrongful imprisonment compensation payments".

Sec. 752. Treasury. Allocates \$400,000 from the funds appropriated for the Flint drinking water emergency to the University of Michigan-Flint for costs related to the drinking water emergency.

Sec. 801. Talent and Economic Development. Allocates the \$7,336,000 appropriated for special grants as follows: 1) \$3.3 million for Dort highway project; 2) \$200,000 for Grand River dredging project; 3) \$386,000 for Ottawa County road project; 4) \$750,000 for Oakland County road project; 5) \$1.0 million for infrastructure improvements related to the Gogebic County flooding emergency; and 6) \$1.7 million for City of Standish water and sewer system improvements.

Enacting Section 1. Repealer. Section 1801 of an FY 2016-17 supplemental appropriation act appropriated \$75.0 million to the Budget Stabilization Fund and also directed that 25% of the FY 2016-17 GF/GP unassigned fund balance recorded as part of the State book closing process for FY 2016-17 be deposited in the Budget Stabilization Fund. Due to timing and technical issues regarding this action, the 25% book closing deposit will not be made, and all of Section 1801 is repealed. Sec. 702 of this article reinstates the \$75.0 million appropriation portion of the section.

Table 2

FY 2016-17 Supplementals: House Bill 4323 (CR-1), Article XX		
Department/Program	Conference Report	
	Gross	GF/GP
Attorney General		
Wrongful imprisonment admin costs (3.0 FTEs; lawsuit settlement fund)	\$1,800,000	\$0
Prosecuting attorneys council NextGen case management (Fed/local).....	1,207,000	0
IDG from LARA for unlicensed builders regulation	<u>719,300</u>	<u>0</u>
Total Attorney General	\$3,726,300	\$0
Corrections		
Expand Hep C coverage to F2 population	\$10,000,000	\$10,000,000
Residential probation services shortfall	<u>750,000</u>	<u>750,000</u>
Total Corrections.....	\$10,750,000	\$10,750,000
Education		
Childcare providers fingerprinting/background checks (IDG to LARA; Federal) ..	\$7,092,300	\$0
Child care program rate increase (\$4.7 million Federal)	4,900,000	2,100,000
Bridges IT work for child care provider enhancement/maintenance (Federal)	1,500,000	0
Consensus child care base/caseload (Federal).....	<u>1,033,900</u>	<u>0</u>
Total Education	\$14,526,200	\$2,100,000
Environmental Quality		
Genesee County back-up water treatment plant pipe costs (reserve fund) ..	<u>\$3,300,000</u>	<u>\$0</u>
Total Environmental Quality.....	\$3,300,000	\$0
Health and Human Services		
Consensus base/caseload cost adjustments.....	\$67,380,400	(\$100,730,100)
Macomb County PIHP (Medicaid mental health services)	5,000,000	5,000,000
Implementation of Sec. 298 PIHP services (3.0 FTEs; \$1.8 million Federal) .	2,810,800	1,000,000
PACE slots in Kent/Wayne counties	900,000	313,700
Statewide double-up food bucks	750,000	750,000
Increase for Arbormetrics.....	170,000	85,000
Juvenile justice fund shift from TANF to GF (Federal requirement).....	0	9,540,000
FY 2015-16 Medicaid bookclosing accounting adjustment	0	34,000,000
SNAP fund source change related to accounting adjustment	0	(16,000,000)
Medicaid non-caseload adjustments	<u>(60,088,000)</u>	<u>16,197,500</u>
Total Health and Human Services	\$16,923,200	(\$49,843,900)

Judiciary		
Community dispute resolution	\$500,000	\$500,000
MCOLES grants for judicial institute, appellate defender program (IDG-MSP)	<u>34,600</u>	<u>0</u>
Total Judiciary	\$534,600	\$500,000
Licensing and Regulatory Affairs		
IDG from DOE for childcare homes/centers background checks (8.0 FTEs)	\$7,092,300	\$0
Indigent defense commission-county plan development	5,000,000	5,000,000
Prescription drug monitoring grants (Federal)	975,700	0
Increased Attorney General costs for unlicensed activities	439,300	0
Vendor and license renewal fee revenue for liquor enforcement	175,000	0
Refined petroleum statute implementation fund shifts of \$2.4 million	<u>0</u>	<u>0</u>
Total Licensing and Regulatory Affairs	\$13,682,300	\$5,000,000
Military and Veterans Affairs		
Tuition assistance program shortfall	\$800,000	\$800,000
Total Military and Veterans Affairs	\$800,000	\$800,000
Natural Resources		
Wildlife management (Federal)	\$4,308,000	\$0
Wetland mitigation bank grants	<u>3,850,000</u>	<u>3,850,000</u>
Total Natural Resources	\$8,158,000	\$3,850,000
State Police		
Replenish disaster and emergency contingency fund	\$4,000,000	\$4,000,000
Flint emergency costs (water, warehousing, transport, logistics; reserve fund)	3,908,100	0
Roadside drug testing pilot	<u>150,000</u>	<u>150,000</u>
Total State Police	\$8,058,100	\$4,150,000
Talent and Economic Development		
Special grants (one-time)	<u>\$7,336,000</u>	<u>\$7,336,000</u>
Total Talent and Economic Development	\$7,336,000	\$7,336,000
Technology, Management, and Budget		
IT funding for citizen centric government	\$3,031,000	\$3,031,000
Infrastructure asset management pilot (infrastructure fund)	2,000,000	0
Flint integrity monitoring (reserve fund)	<u>500,000</u>	<u>0</u>
Total Technology, Management and Budget	\$5,531,000	\$3,031,000
Transportation		
Restore Fraser sinkhole funds to priority roads program (infrastructure fund) ...	\$3,000,000	\$0
Detroit to Port Huron demo bus route (private revenue to match Fed funds) ..	960,000	0
I-96 median cable guardrail project (private revenue)	<u>350,000</u>	<u>0</u>
Total Transportation	\$4,310,000	\$0
Treasury-Operations		
Wrongful imprisonment compensation fund deposit	\$5,000,000	\$5,000,000
Flint bottled water purchases for State Police (reserve fund)	4,000,000	0
Expand city income tax administration program (7.0 FTEs; local revenue) ..	2,050,000	0
Office of collections lien fee increase (restricted revenue IDG)	1,300,000	0
UM-Flint costs for Flint water emergency (reserve fund)	<u>400,000</u>	<u>0</u>
Total Treasury-Operations	\$12,750,000	\$5,000,000
Total Supplemental Appropriations	\$110,385,700	(\$7,326,900)

Fiscal Analyst: Ellen Jeffries

[EJeffries\HB4323ArticleXX](#)

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.