

FY 2019-20: TOTAL GENERAL GOVERNMENT
Summary: Conference Report
Senate Bill 138 (S-2) CR-1



Analysts: Ben Gielczyk and Michael Cnossen

| IDG/IDT | FY 2018-19 YTD as of 3/5/19 | FY 2019-20 Executive | FY 2019-20 House | FY 2019-20 Senate | FY 2019-20 Conference | Difference: Conference From FY 2018-19 YTD | |
|-------------------|--------------------------------|-------------------------|------------------------|------------------------|--------------------------|---|--------------|
| | | | | | | Amount | % |
| | \$821,066,200 | \$1,024,424,300 | \$1,019,458,300 | \$1,024,669,300 | \$1,024,884,300 | \$203,818,100 | 24.8 |
| Federal | 809,077,500 | 808,347,300 | 806,597,300 | 808,347,300 | 808,347,300 | (730,200) | (0.1) |
| Local | 15,977,300 | 16,037,000 | 15,298,400 | 16,037,000 | 16,037,000 | 59,700 | 0.4 |
| Private | 6,247,400 | 6,255,700 | 6,242,000 | 6,255,700 | 6,255,700 | 8,300 | 0.1 |
| Restricted | 2,291,018,900 | 2,335,286,400 | 2,356,226,900 | 2,340,222,300 | 2,353,503,200 | 62,484,300 | 2.7 |
| GF/GP | 1,328,051,400 | 1,133,265,500 | 949,328,500 | 1,057,916,700 | 1,048,204,400 | (279,847,000) | (21.1) |
| Gross | \$5,271,438,700 | \$5,323,616,200 | \$5,153,151,400 | \$5,253,448,300 | \$5,257,231,900 | (\$14,206,800) | (0.3) |
| FTEs | 8,784.7 | 8,819.7 | 8,809.7 | 8,814.7 | 8,807.7 | 23.0 | 0.3 |

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service), and Labor and Economic Opportunity (including Michigan Strategic Fund, Michigan State Housing Development Authority, Unemployment Insurance Agency, and Workforce Development Agency). **Budget issues are listed by department on the following pages.**

Summary pages for individual department/agency budgets contained within the current FY 2018-19 General Government appropriations bill follow this page.

Major Boilerplate Changes From FY 2018-19

Sec. 211. Countercyclical Budget and Economic Stabilization Fund – REVISED

Executive includes a countercyclical budget and economic stabilization fund (BSF) deposit totaling \$150.0 million and 25% of total GF/GP lapses for FY 2018-19. House includes no BSF deposit. Senate includes a \$50.0 million deposit. Conference includes no BSF deposit.

Sec. 216. Receipt and Retention of Required Reports – RETAINED

Requires departments to receive and retain copies of all required reports; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes departments to electronically retain copies of reports unless otherwise required by federal and state guidelines. Executive deletes section. House, Senate, and Conference retain.

Sec. 217. Fund Sourcing Priorities – RETAINED

Requires federal or private grant funding to be used prior to General Fund appropriations when available for the same expenditure. Executive deletes section. House, Senate, and Conference retain.

Sec. 218. Disciplinary Action Against State Employees – RETAINED

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff. Executive deletes section. House, Senate, and Conference retain.

Sec. 219. Reporting Requirement Penalties – NEW

Requires departments and agencies to provide all reports by the indicated due date and to provide information requested by a member of the legislature, his or her staff, or the House and Senate fiscal agencies in a timely manner. Indicates that if the report is not provided by the required due date or a request for information is not received within 30 days of the request date, state funds appropriated in part 1 shall be reduced by 5%. Authorizes department or agency to request a waiver if chairs of the subcommittees on general government are notified. House includes as new section. Executive and Senate do not include. Conference concurs with House.

Major Boilerplate Changes From FY 2018-19

Sec. 221. Reporting Requirement on Policy Changes – RETAINED

Requires departments to report on policy changes made in order to implement enacted legislation. Executive deletes section. House, Senate, and Conference retain.

Sec. 222. Work Project Expenditures – NEW

Prohibits appropriations in part 1 from being expended in cases where existing work project authorization is available for the same expenditures. House includes as new section. Executive and Senate do not include. Conference concurs with House.

Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports – RETAINED

Requires departments to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports. Executive deletes section. House, Senate, and Conference retain.

FY 2019-20: DEPARTMENT OF ATTORNEY GENERAL
Summary: Conference Report
Senate Bill 138 (S-2) CR-1



Analyst: Michael Cnossen

| | FY 2018-19 YTD as of 3/5/19 | FY 2019-20 Executive | FY 2019-20 House | FY 2019-20 Senate | FY 2019-20 Conference | Difference: Conference From FY 2018-19 YTD | |
|-------------------|--------------------------------|-------------------------|---------------------|----------------------|--------------------------|---|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$30,386,400 | \$34,908,000 | \$34,373,000 | \$34,908,000 | \$34,373,000 | \$3,986,600 | 13.1 |
| Federal | 10,007,300 | 9,713,700 | 9,669,500 | 9,713,700 | 9,713,700 | (293,600) | (2.9) |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Restricted | 22,427,200 | 20,159,800 | 19,383,600 | 20,159,800 | 20,159,800 | (2,267,400) | (10.1) |
| GF/GP | 41,206,800 | 41,736,300 | 35,475,900 | 37,562,700 | 41,736,300 | 529,500 | 1.3 |
| Gross | \$104,027,700 | \$106,517,800 | \$98,902,000 | \$102,344,200 | \$105,982,800 | \$1,955,100 | 1.9 |
| FTEs | 537.0 | 545.0 | 543.0 | 537.0 | 543.0 | 6.0 | 1.1 |

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, and commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Child Abuse and Neglect Cases in Wayne County

Executive authorizes \$340,000 in IDG funding from the Department of Health and Human Services and 2.0 FTE positions to support two additional Assistant Attorneys General to represent child abuse and neglect cases in Wayne County for two new judicial dockets added in the Third Circuit Family Court. House does not include. Senate concurs. Conference does not include to reflect a corresponding reduction in the Department of Health and Human Services (DHHS) budget.

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--------------|--|------------------------------------|
| FTE | NA | 0.0 |
| Gross | \$6,069,800 | \$0 |
| IDG | 6,069,800 | 0 |
| GF/GP | \$0 | \$0 |

2. Legal Services for Marihuana Regulation

Executive authorizes \$1.4 million in IDG funding from the Department of Licensing and Regulatory Affairs and a fund source transfer of state restricted to IDG funding for a net increase of \$935,400 Gross to provide legal services to the new Bureau of Marihuana Regulation. Services would be provided for enforcement of regulations of medical marihuana facilities licensing, sales, and recreational marihuana use. House concurs. Senate concurs. Conference concurs.

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--------------|--|------------------------------------|
| Gross | \$507,200 | \$935,400 |
| IDG | 0 | 1,442,600 |
| Restricted | 507,200 | (507,200) |
| GF/GP | \$0 | \$0 |

3. Legal Services

Executive authorizes \$670,000 in IDG funding from the Department of Technology, Management, and Budget and 4.0 FTE positions for three additional attorneys and one support member to provide legal services to the department, primarily for review of IT-related contracts. House concurs. Senate concurs with funding but does not include FTE positions. Conference concurs.

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--------------|--|------------------------------------|
| FTE | NA | 4.0 |
| Gross | \$474,300 | \$670,000 |
| IDG | 474,300 | 670,000 |
| GF/GP | \$0 | \$0 |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--|--------------|---|---|
| 4. MSHDA Legal Services | | | |
| <u>Executive</u> authorizes \$335,500 in IDG funding from the Michigan State Housing Development Authority (MSHDA) and 2.0 FTE positions to support additional attorneys providing legal services for MSHDA. <u>House</u> concurs. <u>Senate</u> concurs with funding but does not include FTE positions. | FTE | NA | 2.0 |
| | Gross | \$695,000 | \$335,500 |
| | IDG | 695,000 | 335,500 |
| | GF/GP | \$0 | \$0 |
| 5. Removal of Current Year One-Time Funding | | | |
| <u>Executive</u> eliminates \$1.2 million Gross (\$100,000 GF/GP) of one-time funding: \$378,800 in federal funding for PACC's NextGen case management IT system upgrade, \$700,000 in state restricted funding for juvenile life without parole resentencing cases, and \$100,000 GF/GP for forensic interviewing training. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | Gross | \$1,178,800 | (\$1,178,800) |
| | Federal | 378,800 | (378,800) |
| | Restricted | 700,000 | (700,000) |
| | GF/GP | \$100,000 | (\$100,000) |
| 6. Alignment of Fund Sources with Operations | | | |
| <u>Executive</u> shifts \$1.3 million in state restricted funding with corresponding amount of IDG funding as part of the department's effort to adjust fund sources to better reflect the department's service levels to other state departments and agencies. <u>House</u> reduces \$195,000 in IDG funding corresponding to a reduction in legal services to DHHS. <u>Senate</u> concurs. <u>Conference</u> concurs. <u>Conference</u> reduces \$195,000 in IDG funding corresponding to a reduction in legal services to DHHS. | Gross | NA | (\$195,000) |
| | IDG | NA | 1,089,300 |
| | Restricted | NA | (1,284,300) |
| | GF/GP | NA | \$0 |
| 7. Economic Adjustments | | | |
| <u>Executive</u> reflects increased costs of \$1.4 million Gross (\$629,500 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | Gross | NA | \$1,388,000 |
| | IDG | NA | 449,200 |
| | Federal | NA | 85,200 |
| | Restricted | NA | 224,100 |
| | GF/GP | NA | \$629,500 |
| 8. Administrative Efficiencies | | | |
| <u>House</u> reduces operational funding throughout the budget by \$1.4 million Gross (\$566,000 GF/GP), reflecting a 3% reduction to be achieved through administrative efficiencies. <u>Senate</u> does not include. <u>Conference</u> does not include. | Gross | NA | \$0 |
| | Federal | NA | 0 |
| | Restricted | NA | 0 |
| | GF/GP | NA | \$0 |
| 9. Information Technology Reduction | | | |
| <u>House</u> reduces funding available for information technology services and projects by 25%. <u>Senate</u> does not include. <u>Conference</u> does not include. | Gross | \$1,577,600 | \$0 |
| | GF/GP | \$1,577,600 | \$0 |
| 10. Administrative Reduction | | | |
| <u>House</u> reduces operational funding by \$5.3 million GF/GP for a 15% total GF/GP reduction to the department from the Executive. <u>Senate</u> reduces funding by \$4.2 million GF/GP to the Operations line item. <u>Conference</u> does not include. | Gross | \$90,505,200 | \$0 |
| | IDG | 30,386,400 | 0 |
| | Federal | 6,832,400 | 0 |
| | Restricted | 20,843,000 | 0 |
| | GF/GP | \$32,443,400 | \$0 |
| 11. Special Courts Prosecutor | | | |
| <u>House</u> adds a \$100 placeholder for possible future support of an additional prosecutor for Muskegon county to support the county's problem-solving courts caseloads. <u>Senate</u> does not include. <u>Conference</u> does not include. | Gross | NA | \$0 |
| | GF/GP | NA | \$0 |

Major Boilerplate Changes From FY 2018-19

Sec. 301. Contingency Funding – REVISED

Appropriates up to \$1.5 million in federal, \$1.5 million in state restricted, \$100,000 in local, and \$100,000 in private contingency funds, which are non-GF/GP revenues that become available during the course of the year; funds available for expenditure following legislative transfer to line items. Senate deletes. Conference includes and appropriates up to \$750,000 in federal, \$750,000 in state restricted, \$50,000 in local, and \$50,000 in private contingency funds, which are non-GF/GP revenues that become available during the year; funds available for expenditure following legislative transfer to line items.

Sec. 308. Appropriation of Litigation Expense Reimbursements – DELETED

Appropriates up to \$1.0 million from litigation expense reimbursements; authorizes unexpended funding, up to \$250,000, to be carried forward. House revises by reducing the \$1.0 million appropriated amount to \$500,000. Senate deletes. Conference deletes.

Sec. 311. Prisoner Reimbursements Report – NEW

Requires the department to submit a report by March 1 to the appropriations subcommittee with jurisdiction over the budget of the Department of Corrections on the total amount of reimbursements received under the State Correctional Facility Reimbursement Act, the amount paid to the department to conduct investigations in determining reimbursements, and the amount credited to the General Fund from reimbursements. House adds. Senate does not include. Conference includes.

Sec. 313. Lawsuit Settlement Proceeds Fund Quarterly Report – NEW

Requires a quarterly report, itemized by court case, on total revenue deposited into the Lawsuit Settlement Proceeds Fund, anticipated deposits to the fund, and potential deposits to the fund, as well as the total amount appropriated from the fund by appropriation. House adds. Senate does not include. Conference includes.

Sec. 314. Lawsuit Settlement Proceeds Fund – NO CHANGE

Allows the department to use up to \$2.6 million of lawsuit settlement proceeds for associated expenses with the Flint Declaration of Emergency due to drinking water contamination; Requires a quarterly expenditure report detailing how funds related to the Flint Declaration of Emergency were spent by case, purpose, hourly rate of retained attorney, and department involved and caps the hourly rate of attorneys retained for the investigation at \$250 if reporting requirements are not fulfilled. Executive does not change. House concurs. Senate concurs. Conference concurs.

Sec. 314a. PACC Juvenile Life Without Parole Cases – DELETED

Authorizes \$700,000 to be set aside for investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life without parole cases. This section was introduced in FY 2017-18 and corresponded with the one-time appropriation of \$700,000 GF/GP and was included again in FY 2018-19 with another \$700,000 state restricted one-time appropriation from the Lawsuit Settlement Proceeds Fund. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 316a. Address Confidentiality Program – DELETED

Requires the department to develop the Address Confidentiality Program for victims of domestic or sexual assault upon passage of Senate Bill No. 655 of the 99th Legislature. Legislation for the Address Confidentiality Program has been reintroduced as Senate Bill 70 of the 100th Legislature. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 318. PACC Forensic Interviewing Training – DELETED

Requires \$100,000 of funding appropriated for PACC to be expended for additional training in forensic interviewing technique. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 320. Lawsuit Settlement Notification and Adherence to State Laws – NEW

Requires the department to notify appropriations chairpersons and fiscal agencies of lawsuit settlements with a fiscal impact to the state of \$5.0 million or more; prohibits the department from entering into a lawsuit that is contrary to the state laws; requires the department to enforce state laws. Senate adds. Conference includes.

Sec. 321. Attorney General Presentation on Federal Lawsuits – NEW

Requires the acting Attorney General, and not a designee of the Attorney General, to appear before the House and Senate Appropriations Subcommittees on General Government to present findings and non-confidential materials which lead the Attorney General to enter into any lawsuit against the federal government, either on the Attorney General's own accord or in conjunction with other states, as well as a cost estimate of the lawsuit to the state. House adds. Senate does not include. Conference includes.

FY 2019-20: DEPARTMENT OF CIVIL RIGHTS
Summary: Conference Report
Senate Bill 138 (S-2) CR-1



Analyst: Michael Cnossen

| | FY 2018-19 YTD as of 3/5/19 | FY 2019-20 Executive | FY 2019-20 House | FY 2019-20 Senate | FY 2019-20 Conference | Difference: Conference From FY 2018-19 YTD | |
|-------------------|--------------------------------|-------------------------|---------------------|----------------------|--------------------------|---|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$299,100 | \$298,500 | \$298,500 | \$298,500 | \$298,500 | (\$600) | (0.2) |
| Federal | 2,802,700 | 2,816,900 | 2,816,900 | 2,816,900 | 2,816,900 | 14,200 | 0.5 |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Private | 18,700 | 18,700 | 18,700 | 18,700 | 18,700 | 0 | 0.0 |
| Restricted | 58,500 | 58,500 | 40,000 | 58,500 | 58,500 | 0 | 0.0 |
| GF/GP | 13,022,100 | 13,195,700 | 12,486,700 | 11,876,200 | 13,195,700 | 173,600 | 1.3 |
| Gross | \$16,201,100 | \$16,388,300 | \$15,660,800 | \$15,068,800 | \$16,388,300 | \$187,200 | 1.2 |
| FTEs | 116.0 | 116.0 | 116.0 | 116.0 | 122.0 | 6.0 | 5.2 |

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Economic Adjustments

Executive reflects increased costs of \$187,200 Gross (\$173,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. House concurs. Senate concurs. Conference concurs.

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--------------|--|------------------------------------|
| Gross | NA | \$187,200 |
| IDG | NA | (600) |
| Federal | NA | 14,200 |
| GF/GP | NA | \$173,600 |

2. Funding Alignment

House reduces operational funding by \$340,000 to align appropriated amounts and expenditures. Senate does not include. Conference does not include.

| | | |
|--------------|-----------|------------|
| Gross | NA | \$0 |
| GF/GP | NA | \$0 |

3. Administrative Efficiencies

House reduces operational funding throughout the budget by \$207,100 Gross (\$188,700 GF/GP), reflecting a 3% reduction to be achieved through administrative efficiencies. Senate does not include. Conference does not include.

| | | |
|--------------|-----------|------------|
| Gross | NA | \$0 |
| Restricted | NA | 0 |
| GF/GP | NA | \$0 |

4. Information Technology Reduction

House reduces funding available for information technology services and projects by 25%. Senate does not include. Conference does not include.

| | | |
|--------------|------------------|------------|
| Gross | \$723,200 | \$0 |
| Federal | 15,000 | 0 |
| GF/GP | \$708,200 | \$0 |

5. Operations Reduction

Senate reduces \$1.3 million GF/GP from the Operations line item. Conference does not include.

| | | |
|--------------|-----------|------------|
| Gross | NA | \$0 |
| GF/GP | NA | \$0 |

| <u>Major Budget Changes From FY 2018-19 YTD Appropriations</u> | <u>FY 2018-19 Year-to-Date (as of 3/5/19)</u> | <u>FY 2019-20 Conference Change</u> |
|---|--|--|
| 6. Museums Support | Gross | NA |
| <u>Conference</u> directs \$1.5 million from existing funds for department operations to support the Arab American National Museum in Dearborn, the Charles Wright Museum of African American History in Detroit, and the Holocaust Memorial Center in Farmington Hills with \$500,000 each, for a net change of \$0. | GF/GP | NA |
| | | \$0 |
| | | \$0 |

Major Boilerplate Changes From FY 2018-19

Sec. 401. Contingency Funding – REVISED

Appropriates up to \$2.0 million in federal contingency funds and up to \$750,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Senate deletes. Conference includes and appropriates up to \$1.0 million in federal, and \$375,000 in private contingency funds, which are non-GF/GP revenues that become available during the year; funds available for expenditure following legislative transfer to line items.

Sec. 411. Memorial and Museums – NEW

Allocates \$500,000 each to the Arab American National Museum in Dearborn, the Charles Wright Museum of African American History in Detroit, and the Holocaust Memorial Center in Farmington Hills from funds appropriated for department operations.

FY 2019-20: EXECUTIVE OFFICE
Summary: Conference Report
Senate Bill 138 (S-2) CR-1



Analyst: Ben Gielczyk

| IDG/IDT | FY 2018-19 YTD as of 3/5/19 | FY 2019-20 Executive | FY 2019-20 House | FY 2019-20 Senate | FY 2019-20 Conference | Difference: Conference From FY 2018-19 YTD | |
|-------------------|--------------------------------|-------------------------|---------------------|----------------------|--------------------------|---|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -- |
| Federal | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Restricted | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| GF/GP | 6,980,100 | 7,114,300 | 6,980,100 | 7,114,300 | 7,114,300 | 134,200 | 1.9 |
| Gross | \$6,980,100 | \$7,114,300 | \$6,980,100 | \$7,114,300 | \$7,114,300 | \$134,200 | 1.9 |
| FTEs | 89.2 | 89.2 | 89.2 | 89.2 | 89.2 | 0.0 | 0.0 |

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget.

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--|---|---|
| <u>Major Budget Changes From FY 2018-19 YTD Appropriations</u> | | |
| 1. Operational Adjustments | Gross | \$6,980,100 |
| <u>Executive</u> and <u>Senate</u> include \$134,200 GF/GP for increased costs related to Executive Office staff and other operations. Senate unrolls Office of Urban Initiatives with estimated appropriation (see Item #2). <u>House</u> does not include. <u>Conference</u> concurs with Executive. | GF/GP | \$6,980,100 |
| | | \$134,200 |
| 2. Office of Urban Initiatives | Gross | NA |
| <u>Senate</u> includes standalone line item for the Office of Urban Initiatives and appropriates \$1.0 million GF/GP. Funds are transferred from Executive Office line item. <u>Executive</u> , <u>House</u> , and <u>Conference</u> do not include. | GF/GP | NA |
| | | \$0 |

Major Boilerplate Changes From FY 2018-19

There are no major boilerplate changes for FY 2019-20.

FY 2019-20: LEGISLATURE
Summary: Conference Report
Senate Bill 138 (S-2) CR-1



Analyst: Ben Gielczyk

| IDG/IDT | FY 2018-19 YTD as of 3/5/19 | FY 2019-20 Executive | FY 2019-20 House | FY 2019-20 Senate | FY 2019-20 Conference | Difference: Conference From FY 2018-19 YTD | |
|-------------------|--------------------------------|-------------------------|----------------------|----------------------|--------------------------|---|--------------|
| | | | | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -- |
| Federal | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Private | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 0 | 0.0 |
| Restricted | 4,394,300 | 4,394,300 | 4,394,300 | 4,514,100 | 4,514,100 | 119,800 | 2.7 |
| GF/GP | 181,718,200 | 162,968,200 | 166,185,000 | 165,005,700 | 170,576,000 | (11,142,200) | (6.1) |
| Gross | \$186,512,500 | \$167,762,500 | \$170,979,300 | \$169,919,800 | \$175,490,100 | (\$11,022,400) | (5.9) |

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Cora Anderson House of Representatives Office Building and Binsfeld Senate Office Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Senate Parking Facility

Executive removes \$18.0 million GF/GP considered one-time appropriations in FY 2018-19 for costs associated with purchasing the parking ramp adjacent to the Binsfeld Senate Office Building from the City of Lansing. House, Senate, and Conference concur.

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--------------|---|---|
| Gross | \$18,000,000 | (\$18,000,000) |
| GF/GP | \$18,000,000 | (\$18,000,000) |

2. Legislative Information Technology Systems Design Project

Executive removes \$750,000 GF/GP considered one-time appropriations in FY 2018-19 for implementation and operational costs associated with the Legislative IT System Design Project. House concurs with Executive. Senate and Conference retain funding.

| | | |
|--------------|------------------|------------|
| Gross | \$750,000 | \$0 |
| GF/GP | \$750,000 | \$0 |

3. Legislative Redistricting Commission

House includes \$3.2 million GF/GP to support commissioner salaries and operational costs of the Independent Legislative Redistricting Commission created under Proposal 2 (2018). Funding equals 25% of House recommended FY 2019-20 Secretary of State GF/GP appropriations. Executive and Senate do not include. Conference includes \$3.4 million GF/GP (25% of proposed FY 2019-20 Secretary of State GF/GP appropriations).

| | | |
|--------------|------------|--------------------|
| Gross | \$0 | \$3,362,800 |
| GF/GP | \$0 | \$3,362,800 |

4. National Association Dues

Conference includes \$138,000 GF/GP to fully fund dues to national legislative associations.

| | | |
|--------------|------------------|------------------|
| Gross | \$454,700 | \$138,000 |
| GF/GP | \$454,700 | \$138,000 |

| | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change | |
|--|--|--|------------------------------------|--------------------|
| <u>Major Budget Changes From FY 2018-19 YTD Appropriations</u> | | | | |
| 5. Operations Increase | | Gross | \$167,762,500 | \$3,476,800 |
| <u>Senate</u> includes operations increase of \$1.4 million Gross (\$1.3 million | | Private | 400,000 | 0 |
| GF/GP). <u>Conference</u> includes a \$3.5 million Gross (\$3.4 million GF/GP) | | Restricted | 4,394,300 | 119,800 |
| operations increase. | | GF/GP | \$162,968,200 | \$3,357,000 |

Major Boilerplate Changes From FY 2018-19

Sec. 609. Insurance Bureau Fund Reimbursement Reporting – NOT INCLUDED

Requires a report on Insurance Bureau Fund expenditures by the Legislature. House includes as new section. Executive, Senate, and Conference do not include.

Sec. 617. Legislative Redistricting Commission Reporting – NEW

Requires a quarterly expenditure and activities report from the Legislative Redistricting Commission. House includes as new section. Executive and Senate do not include. Conference concurs with House.

FY 2019-20: LEGISLATIVE AUDITOR GENERAL
Summary: Conference Report
Senate Bill 138 (S-2) CR-1



Analyst: Ben Gielczyk

| IDG/IDT | FY 2018-19 YTD as of 3/5/19 | FY 2019-20 Executive | FY 2019-20 House | FY 2019-20 Senate | FY 2019-20 Conference | Difference: Conference From FY 2018-19 YTD | |
|-------------------|--------------------------------|-------------------------|---------------------|----------------------|--------------------------|---|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$5,823,400 | \$5,823,400 | \$5,823,400 | \$6,068,400 | \$6,068,400 | \$245,000 | 4.2 |
| Federal | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Private | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Restricted | 2,008,800 | 2,008,800 | 2,008,800 | 2,077,100 | 2,077,100 | 68,300 | 3.4 |
| GF/GP | 17,105,800 | 17,105,800 | 17,105,800 | 17,790,100 | 17,790,300 | 684,500 | 4.0 |
| Gross | \$24,938,000 | \$24,938,000 | \$24,938,000 | \$25,935,600 | \$25,935,800 | \$997,800 | 4.0 |

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Operations Increase

Senate includes \$1.0 million (\$684,300 GF/GP) operations increase.

Conference includes \$1.0 million (\$684,500 GF/GP) operations increase.

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--------------|---|---|
| Gross | \$24,938,000 | \$997,800 |
| IDG | 5,823,400 | 245,000 |
| Restricted | 2,008,800 | 68,300 |
| GF/GP | \$17,105,800 | \$684,500 |

Major Boilerplate Changes From FY 2018-19

Sec. 625. Access to Confidential Information – NEW

Specifies legislative intent that the Auditor General be authorized to access and examine confidential information of each branch, department, office, board, commission, agency, authority, and institution of the state subject to the same duty of confidentiality imposed by law on the entity providing the confidential information. House includes as new section. Executive and Senate do not include. Conference concurs with House.

Sec. 626. Michigan Department of Transportation Contract Consultant Performance Audit – NEW

Requires Auditor General to conduct a performance audit of MDOT use and procurement of contract consultants for evaluating construction material specifications and availability. Conference includes as new section.

FY 2019-20: DEPARTMENT OF STATE
Summary: Conference Report
Senate Bill 138 (S-2) CR-1



Analyst: Michael Cnossen

| | FY 2018-19 YTD as of 3/5/19 | FY 2019-20 Executive | FY 2019-20 House | FY 2019-20 Senate | FY 2019-20 Conference | Difference: Conference From FY 2018-19 YTD | |
|-------------------|--------------------------------|-------------------------|----------------------|----------------------|--------------------------|---|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$0 | 0.0 |
| Federal | 1,460,000 | 1,460,000 | 1,460,000 | 1,460,000 | 1,460,000 | 0 | 0.0 |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| Private | 50,100 | 50,100 | 50,100 | 50,100 | 50,100 | 0 | 0.0 |
| Restricted | 207,086,400 | 210,732,000 | 213,230,600 | 210,732,000 | 215,431,700 | 8,345,300 | 4.0 |
| GF/GP | 18,466,300 | 22,967,500 | 12,866,900 | 18,150,900 | 13,451,200 | (5,015,100) | (27.2) |
| Gross | \$247,062,800 | \$255,209,600 | \$247,607,600 | \$250,393,000 | \$250,393,000 | \$3,330,200 | 1.3 |
| FTEs | 1,592.0 | 1,592.0 | 1,592.0 | 1,592.0 | 1,592.0 | 0.0 | 0.0 |

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of State (DOS) is the oldest department in Michigan state government. It is administered by the Secretary of State, an elected official who serves a four-year term of office and has constitutional and statutory duties. Services provided by the department include: registering and titling automobiles, watercraft, and recreational vehicles; regulating automobile dealers and repair facilities; registering voters and administering elections; and streamlining the collection of revenue. The department operates programs designed to enhance driver safety, protect automotive consumers, and ensure the integrity of both the motor vehicle administration system and the statewide elections process.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Proposal 2 Redistricting Commission

Executive includes \$4.6 million GF/GP to implement the Independent Citizens Redistricting Commission as approved by voters in Ballot Proposal 2 of 2018. Funding amount is set by the Constitution at not less than 25% of the Department of State's total GF/GP appropriation. Funding would support the Independent Redistricting Commission, including compensation for members and its operations and activities. House transfers the appropriation to the Legislature and decreases the amount by \$1.4 million to \$3.2 million GF/GP to reflect the FY 2019-20 GF/GP appropriation to the Department of State. Senate concurs but offsets increased funding by reducing other line items by a corresponding amount (see item number 2). Conference transfers the appropriation to the Legislature and decreases the amount by \$1.3 million to \$3.4 million GF/GP to reflect the FY 2019-20 GF/GP appropriation to the Department of State.

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--------------|--|------------------------------------|
| Gross | \$0 | \$0 |
| GF/GP | \$0 | \$0 |

2. General Fund Reductions

Senate reduces funding by \$4.6 million GF/GP to five line items: \$189,500 from Operations, \$751,000 from Property Management, \$624,100 from Legal Services Operations, \$751,700 from Branch Operations, and \$2.3 million from Election Administration and Services. Conference does not include.

| | | |
|--------------|------------|------------|
| Gross | \$0 | \$0 |
| GF/GP | \$0 | \$0 |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--|--------------|---|---|
| 3. Elections Compliance Core Systems Contract Increase | | Gross | \$7,506,900 |
| <u>Executive</u> includes \$200,000 GF/GP to cover increased contract costs of providing maintenance and support of the election system that covers the compliance core applications of the Bureau of Elections. <u>House</u> does not include. <u>Senate</u> concurs but offsets funding by reducing funding to Legal Services by a corresponding amount (see item number 4). <u>Conference</u> does not include. | Restricted | 443,500 | 0 |
| | GF/GP | \$7,063,400 | \$0 |
| 4. General Fund Reduction | | Gross | \$0 |
| <u>Senate</u> reduces funding by \$200,000 GF/GP to the Legal Services line item. <u>Conference</u> does not include. | | GF/GP | \$0 |
| 5. Look Twice – Save a Life Motorcycle Safety Program | | Gross | \$400,000 |
| <u>Executive</u> authorizes \$300,000 of state restricted funding from the Motorcycle Safety and Education Awareness Fund to be used to develop and maintain the “Look Twice - Save a Life” program that promotes motorcycle awareness, safety, and education. This is a \$100,000 reduction from the current year. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | Restricted | 400,000 | (\$100,000) |
| | GF/GP | \$0 | (100,000) |
| 6. Branch Office Services Rate Increases | | Gross | \$89,279,000 |
| <u>Executive</u> authorizes \$830,000 of state restricted funding to support contract rate increases for services at Secretary of State branch offices, of which \$500,000 would be used for janitorial, security guard, and telecommunications services and \$330,000 for maintenance. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | IDG | 20,000,000 | 0 |
| | Restricted | 66,534,000 | 830,000 |
| | GF/GP | \$2,745,000 | \$0 |
| 7. TACF Fund Shift, GF Reduction | | Gross | NA |
| <u>Executive</u> replaces \$738,700 GF/GP with a corresponding amount of state restricted funding from the Transportation Administration Collection Fund (TACF) for a net change of \$0 Gross. <u>House</u> replaces an additional \$4.7 million for a total replacement of \$5.4 million GF/GP with TACF revenue. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House. | Restricted | NA | 5,438,400 |
| | GF/GP | NA | (\$5,438,400) |
| 8. FTE Transfer and Fund Source Alignment with Operations | | FTE | NA |
| <u>Executive</u> transfers 11.0 FTE positions from Central Operations to Legal Services based on organizational changes, and shifts state restricted funding from decreasing driver fee revenue to the Enhanced Driver License and Enhanced Official State Personal ID Card Fund and TACF for a net change of \$0 Gross. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | Gross | NA | 0.0 |
| | Restricted | NA | \$0 |
| | GF/GP | NA | 0 |
| 9. Economic Adjustments | | Gross | NA |
| <u>Executive</u> reflects increased costs of \$2.6 million Gross (\$423,300 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | Restricted | NA | \$2,600,200 |
| | GF/GP | NA | 2,176,900 |
| 10. Administrative Efficiencies | | Gross | NA |
| <u>House</u> reduces operational funding throughout the budget by \$2.4 million Gross (\$184,400 GF/GP) 184, reflecting a 3% reduction to be achieved through administrative efficiencies. <u>Senate</u> does not include. <u>Conference</u> does not include. | Restricted | NA | \$0 |
| | GF/GP | NA | \$0 |
| 11. Information Technology Reduction | | Gross | \$38,446,900 |
| <u>House</u> reduces funding available for information technology services and projects by 25%. <u>Senate</u> does not include. <u>Conference</u> does not include. | Restricted | 36,847,200 | \$0 |
| | GF/GP | \$1,599,700 | \$0 |

Major Boilerplate Changes From FY 2018-19

Sec. 701. Contingency Funds – REVISED

Appropriates up to \$2.0 million in federal, \$7.5 million in state restricted, \$50,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Senate deletes. Conference includes and appropriates up to \$2.0 million in federal, \$2.5 million in state restricted, \$25,000 in local, and \$50,000 in private contingency funds, which are non-GF/GP revenues that become available during the year; funds available for expenditure following legislative transfer to line items.

Sec. 718. Buena Vista Township Branch Office – DELETED

Requires the department to maintain a full-service Secretary of State branch office in Buena Vista Township. Executive deletes. House retains. Senate deletes. Conference concurs.

Sec. 720. Post-Election Audits – DELETED

Requires the department to develop a plan to enhance post-election audit procedures to ensure machine-tabulated vote accounts are counted and reported accurately. Executive deletes. House revises to require the department to submit a report on the progress of implementing the enhanced post-election audit procedures and to present the update before the House subcommittee. Senate concurs. Conference concurs.

Sec. 721. Ballot Proposal 2 Cost Report – NEW

Requires the department to submit a quarterly report on all expenditures associated with establishing the Citizens Redistricting Commission and its role as secretary of the Commission as required by the Constitutional amendment approved under Ballot Proposal 2 of 2018. House adds. Senate does not include. Conference concurs with House.

Sec. 721a. Ballot Proposal 3 Cost Report – NEW

Requires the department to submit a quarterly report on all expenditures associated with implementing changes and new procedures and purchasing equipment needed for implementing same-day registration and no-reason absentee voting as required by the Constitutional amendment approved under Ballot Proposal 3 of 2018. House adds. Senate does not include. Conference concurs with House.

FY 2019-20: TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary: Conference Report
Senate Bill 138 (S-2) CR-1



Analyst: Michael Cnossen

| | FY 2018-19 YTD as of 3/5/19 | FY 2019-20 Executive | FY 2019-20 House | FY 2019-20 Senate | FY 2019-20 Conference | Difference: Conference From FY 2018-19 YTD | |
|-------------------|--------------------------------|-------------------------|------------------------|------------------------|--------------------------|---|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$751,777,000 | \$950,488,800 | \$947,067,200 | \$950,488,800 | \$951,238,800 | \$199,461,800 | 26.5 |
| Federal | 5,033,700 | 4,968,400 | 4,910,900 | 4,968,400 | 4,968,400 | (65,300) | (1.3) |
| Local | 2,341,600 | 2,321,200 | 2,030,900 | 2,321,200 | 2,321,200 | (20,400) | (0.9) |
| Private | 129,400 | 131,100 | 131,100 | 131,100 | 131,100 | 1,700 | 1.3 |
| Restricted | 122,117,400 | 117,916,800 | 116,913,400 | 117,916,800 | 117,916,800 | (4,200,600) | (3.4) |
| GF/GP | 552,044,500 | 503,792,600 | 430,906,900 | 446,130,600 | 450,480,800 | (101,563,700) | (18.4) |
| Gross | \$1,433,443,600 | \$1,579,618,900 | \$1,501,960,400 | \$1,521,956,900 | \$1,527,057,100 | \$93,613,500 | 6.5 |
| FTEs | 3,122.0 | 3,141.0 | 3,127.0 | 3,141.0 | 3,132.0 | 10.0 | 0.3 |

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Technology, Management, and Budget (DTMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. DTMB is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; overseeing capital outlay projects; managing state facilities, property, and leases; implementing state procurement; operating the state's retirement systems; supervising the state motor vehicle fleet; administering travel policies; providing office support services to state agencies; executing information technology projects; centralizing information technology policy-making; and unifying strategic information technology planning. Autonomous units within DTMB include: the State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Building Authority, State Administrative Board, and the Office of Children's Ombudsman.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Michigan Public Safety Communications System (MPSCS) Upgrades and Maintenance

Executive includes \$14.1 million GF/GP (\$8.2 million ongoing, \$5.9 million one-time) and authorization for 10.0 FTE positions for software upgrades, additional technical staff, increased coverage, and radio tower site maintenance for the MPSCS interoperable communications network used by state, federal, local, private, and tribal security officers and first responders across the state. House does not include and also reduces \$9.6 million GF/GP for MPSCS as part of its IT reductions described under item number 18. Senate includes 10.0 FTE positions, \$7.0 million for ongoing funding, and does not include \$5.9 million of one-time funding. Conference concurs with Senate.

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--------------|--|------------------------------------|
| FTE | 127.0 | 10.0 |
| Gross | \$40,464,100 | \$7,000,000 |
| Local | 2,248,000 | 0 |
| GF/GP | \$38,216,100 | \$7,000,000 |

2. Enterprisewide Maintenance of State Facilities

Executive includes \$5.0 million GF/GP in one-time funding for various general maintenance and demolition projects of state-owned facilities across the state. The executive recommended budget also maintains a \$5.0 million GF/GP increase in FY 2018-19 from 2018 PA 618. House does not include increased funding and reduces \$8.8 million GF/GP from ongoing funding and adds \$750,000 in IDG funding from the Department of Corrections for demolition of the Deerfield Correctional Facility for a net Gross decrease of \$8.0 million. Senate does not include one-time funding and reduces \$8.1 million GF/GP from ongoing funding. Conference concurs with Senate.

| | | |
|--------------|---------------------|----------------------|
| Gross | \$31,000,000 | (\$8,100,000) |
| IDG | 0 | 0 |
| GF/GP | \$31,000,000 | (\$8,100,000) |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|---|--|---|---|
| 3. Legal Services Increase | | Gross NA | \$670,000 |
| <u>Executive</u> authorizes \$670,000 in state restricted funding for three additional attorneys and one support member from the Department of Attorney General to provide various legal support services to the department, primarily for reviewing IT-related contracts. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | | Restricted NA | 670,000 |
| | | GF/GP NA | \$0 |
| 4. Microsoft License Agreement | | Gross \$27,777,200 | \$0 |
| <u>Executive</u> includes \$5.0 million GF/GP to support a licensing agreement with the Microsoft Corporation for its 365 Government G5 product bundle, which includes basic software applications for state agencies as well as additional enterprise security and compliance functionality. <u>House</u> concurs. <u>Senate</u> does not include. <u>Conference</u> concurs. | | IDG 932,900 | 0 |
| | | Restricted 16,076,400 | 0 |
| | | GF/GP \$10,767,900 | \$0 |
| 5. MiLogin Single Sign-On Integration of State Applications | | FTE 17.0 | 0.0 |
| <u>Executive</u> includes \$3.3 million GF/GP and authorization for 5.0 FTE positions to support the integration of additional state software applications into the MiLogin enterprisewide IT initiative, which provides single sign-on capabilities for accessing State of Michigan internet and mobile sites. Approximately half, or 220, state applications have been integrated and a 40% increase in MiLogin users is expected in FY 2019-20. Funding would support an increase in infrastructure hosting capacity, IBM software licensing, staffing, and operational hosting costs. <u>House</u> includes \$2.5 million. <u>Senate</u> includes 5.0 FTE positions and does not include funding. <u>Conference</u> does not include. | | Gross \$9,775,000 | \$0 |
| | | GF/GP \$9,775,000 | \$0 |
| 6. FY 2019-20 IT IDG Baseline Adjustment | | Gross \$555,159,600 | \$191,899,900 |
| <u>Executive</u> authorizes \$191.9 million in IDG funding to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. The increase includes \$179.8 million from DHHS, which primarily reflects transfers of IT costs from DHHS's program line items to its Technology Services line items. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | | IDG 555,159,600 | 191,899,900 |
| | | GF/GP \$0 | \$0 |
| 7. Vehicle Fleet Cost Increase and FTE Increase | | FTE 35.0 | 4.0 |
| <u>Executive</u> includes \$1.5 million in IDG funding for higher estimated miles driven by state fleet vehicles in FY 2019-20 and a projected increase in fuel costs. Authorizes 4.0 FTE positions to replace temporary contracted personnel for vehicle maintenance services. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | | Gross \$74,377,800 | \$1,500,000 |
| | | IDG 74,377,800 | 1,500,000 |
| | | GF/GP \$0 | \$0 |
| 8. Accounting Service Center Increase for State Police | | Gross \$3,969,800 | \$374,900 |
| <u>Executive</u> authorizes \$374,900 in IDG funding to align with Accounting Service Centers costs for MSP to cover MiCARS maintenance and changes in how credit card fees are being charged in SIGMA. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | | IDG 3,969,800 | 374,900 |
| | | GF/GP \$0 | \$0 |
| 9. Professional Development Funds | | Gross \$0 | \$200,000 |
| <u>Executive</u> authorizes \$200,000 in IDG funding collected from state agencies to support professional development for American Federation of State, County, and Municipal Employees (\$50,000) and the Scientific and Engineering Unit of the Service Employees International Union (\$150,000) per bargaining agreements with the Office of State Employer. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | | IDG 0 | 200,000 |
| | | GF/GP \$0 | \$0 |
| 10. State Police Retirement System Supplemental Payments | | Gross \$30,714,300 | \$10,000 |
| <u>Executive</u> authorizes \$10,000 GF/GP for supplemental payments as required by 2015 PA 168 to produce an annual retirement allowance of \$16,000 to each retiree or beneficiary. The estimated payout in FY 2019-20 is \$82,000 for 43 beneficiaries. <u>House</u> concurs. <u>Senate</u> does not include. <u>Conference</u> concurs. | | Restricted 24,212,500 | 0 |
| | | GF/GP \$6,501,800 | \$10,000 |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change | |
|--|------------|--|------------------------------------|-----------------------|
| 11. Military Retirement Transfer to DMVA | | Gross | \$30,714,300 | (\$5,244,800) |
| <u>Executive</u> transfers \$5.2 million GF/GP to DMVA for military retirement payment obligations. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | Restricted | 24,212,500 | 0 | |
| | GF/GP | \$6,501,800 | (\$5,244,800) | |
| 12. Regional Prosperity Grants | | Gross | \$4,000,000 | (\$3,999,900) |
| <u>Executive</u> eliminates \$4.0 million GF/GP for grants to designated economic regions defined by the Regional Prosperity Initiative to encourage private, public, and non-profit partners to collaborate on developing economic visions and efforts to achieve them. <u>House</u> includes a \$100 placeholder. <u>Senate</u> concurs. <u>Conference</u> concurs with House. | GF/GP | \$4,000,000 | (\$3,999,900) | |
| 13. Business Support Services GF Reduction Fund Shift | | Gross | \$12,759,800 | \$0 |
| <u>Executive</u> replaces \$138,400 GF/GP with a corresponding amount of state restricted funding from contract revenue from the Special Revenue, Internal Service, and Pension Trust Funds fund source. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | IDG | 464,900 | 0 | |
| | Federal | 100 | 0 | |
| | Restricted | 6,546,100 | 138,400 | |
| | GF/GP | \$5,748,700 | (\$138,400) | |
| 14. Services Baseline Technical Adjustments | | Gross | NA | (\$115,400) |
| <u>Executive</u> reduces budget by \$115,400 Gross (\$167,100 GF/GP) by making various technical adjustments to align funding and operations through the statewide cost allocation plan, making annual adjustments in the department's indirect service charges, and aligning funding with operations within the Civil Service Commission. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | IDG | NA | 223,700 | |
| | Federal | NA | (115,400) | |
| | Restricted | NA | (56,600) | |
| | GF/GP | NA | (\$167,100) | |
| 15. Removal of Current Year One-Time Funding | | Gross | \$73,145,100 | (\$73,145,100) |
| <u>Executive</u> eliminates \$73.1 million Gross (\$66.8 million GF/GP) of one-time funding appropriated in FY 2018-19: \$43.1 million for a lump-sum payment for military and judges retirement, \$20.0 million for the statewide broadband internet initiative, \$8.2 million to pay off outstanding debt of the dissolved Inkster school district, \$10,000 for an Office of Retirement Services actuarial analysis, \$100 for a census-related services placeholder, \$1.2 million for state police and school employees retirement, \$450,000 for local governments cyber security program, \$170,000 for a job vacancy study, and \$30,000 for an MPSCS tower top amplifier. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | Restricted | 6,380,000 | (6,380,000) | |
| | GF/GP | \$66,765,100 | (\$66,765,100) | |
| 16. Economic Adjustments | | Gross | NA | \$7,283,100 |
| <u>Executive</u> reflects increased costs of \$7.3 million Gross (\$1.3 million GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. | IDG | NA | 4,513,300 | |
| | Federal | NA | 50,100 | |
| | Local | NA | (20,400) | |
| | Private | NA | 1,700 | |
| | Restricted | NA | 1,427,600 | |
| | GF/GP | NA | \$1,310,800 | |
| 17. Administrative Efficiencies | | Gross | NA | \$0 |
| <u>House</u> reduces operational funding throughout the budget by \$6.7 million Gross (\$1.1 million GF/GP), reflecting a 3% reduction to be achieved through administrative efficiencies. <u>Senate</u> does not include. <u>Conference</u> does not include. | IDG | NA | 0 | |
| | Local | NA | 0 | |
| | Federal | NA | 0 | |
| | Restricted | NA | 0 | |
| | GF/GP | NA | \$0 | |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--|------------------|---|---|
| 18. Information Technology Reduction | | | |
| <p><u>House</u> reduces funding available for information technology services and projects by \$18.4 million GF/GP to four line items: \$2.4 million to Enterprise Identity Management, \$3.7 million to Homeland Security Initiative/Cyber Security, \$9.6 million to MPSCS, and \$2.7 million to Information Technology Services and Projects. <u>Senate</u> does not include. <u>Conference</u> reduces funding by \$9.6 million to three line items: \$2.4 million to MPSCS, \$2.4 million Homeland Security Initiative /Cyber Security, and \$4.8 million to Information Technology Services and Projects.</p> | FTE | 169.0 | 0.0 |
| | Gross | \$133,167,600 | (\$9,600,000) |
| | IDG | 932,900 | 0 |
| | Local | 2,248,000 | 0 |
| | Restricted GF/GP | 16,076,400 \$113,910,300 | 0 (\$9,600,000) |
| 19. Information Technology Investment Fund (ITIF) | | | |
| <p><u>House</u> reduces \$24.7 million from the enterprise IT legacy system modernization project portfolio. The portfolio currently includes seven projects for FY 2019-20. <u>Senate</u> reduces \$20.0 million GF/GP. <u>Conference</u> reduces \$20.0 million to fund for projects.</p> | Gross | \$40,000,000 | (\$20,000,000) |
| | GF/GP | \$40,000,000 | (\$20,000,000) |
| 20. Executive Budget Revision | | | |
| <p>Executive reduces \$650,000 GF/GP and 4.0 FTE positions by transferring the former Office of Regulatory Reinvention to the Michigan Office of Administrative Hearings and Rules line-item in the Department of Licensing and Regulatory Affairs to reflect implementation of Executive Order No. 2019-6. <u>House</u> concurs. <u>Senate</u> does not include. <u>Conference</u> concurs.</p> | FTE | NA | 0.0 |
| | Gross | NA | \$0 |
| | GF/GP | NA | \$0 |
| 21. General Fund Reductions | | | |
| <p><u>Senate</u> reduces \$8.3 GF/GP from nine line times: \$118,100 from Administrative Services, \$3.3 million from Budget and Financial Management, \$1.6 from Business Support Services, \$105,400 from Bureau of Labor Market Information and Strategies, \$1.0 million from Enterprise Identity Management, \$1.8 million from Civil Service Commission Human Resources, \$200,000 from Civil Service Commission Executive Direction, \$200,000 from Civil Service Commission Agency Services, and \$36,400 from Unclassified Salaries. <u>Conference</u> reduces \$5.2 million from five line items: \$2.9 million from Administrative Services, \$34,600 from Executive Operations, \$108,000 from the Office of the State Employer, \$2.1 million from Business Support Services, and \$109,800 from the Bureau of Labor Market Information and Strategies.</p> | Gross | NA | (\$5,219,400) |
| | GF/GP | NA | (\$5,219,400) |
| 22. Michigan Team to End Drug Addiction (MiTEDA) | | | |
| <p><u>Senate</u> reduces \$300,000 GF/GP for the new multi-agency Michigan Team to End Drug Addiction established pursuant to Executive Order 2018-6. MiTEDA is to direct implementation of the state's opioid action strategy, including research and development of policy initiatives, as well as monitoring and evaluating their efficacy in curbing opioid use in Michigan. <u>Conference</u> includes funding.</p> | Gross | \$300,000 | \$0 |
| | GF/GP | \$300,000 | \$0 |
| 23. SIGMA Contract Costs | | | |
| <p><u>Senate</u> reduces \$1.2 million GF/GP for ongoing increases in contract costs with CGI for higher data capacity as well as additional accounting staff needs. <u>Conference</u> maintains current year funding.</p> | Gross | \$1,200,000 | \$0 |
| | GF/GP | \$1,200,000 | \$0 |

Major Boilerplate Changes From FY 2018-19

Sec. 801. Contingency Funding – REVISED

Appropriates up to \$4.0 million in federal, \$8.0 million in state restricted, \$150,000 in local, and \$100,000 in private contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Senate deletes. Conference includes and appropriates up to \$2.0 million in federal, \$4.0 million in state restricted, \$75,000 in local, and \$50,000 in private contingency funds, which are non-GF/GP revenues that become available during the year; funds available for expenditure following legislative transfer to line items.

Sec. 802. Appropriation of Proceeds From Auctions of State Surplus – REVISED

Appropriates proceeds from transfer or auction of state surplus property: amounts in excess of costs incurred to be used to offset costs incurred in acquiring and distributing federal surplus property. Requires DTMB to provide consolidated Internet auction services for local units of government. Senate revises by allowing proceeds to be appropriated to offset costs incurred in acquiring and distributing government surplus property other than federal surplus property. Conference concurs with Senate.

Sec. 810. Notices of Invitations to Bid (ITBs) and Requests for Proposals (RFPs) – RETAINED

Requires DTMB to maintain an Internet website with notice of all ITBs and RFPs over \$50,000 and for the information to appear on the first page of each department dashboard; generally requires ITBs and RFPs to be posted for at least 14 days prior to bid deadline. Executive revises by providing an exception to posting ITBs and RFPs online if it would not be in the best interest of the state, stating DTMB shall not set the due for an ITB or RFP in less than 14 days instead of not accepting an ITB or RFP in less than 14 days. House revises by extending exceptions to posting ITBs and RFPs to certain small businesses, veteran-owned businesses, and rehabilitation organizations in accordance with department policy. Senate retains current language. Conference concurs with House.

Sec. 815. Special Maintenance, Remodeling, and Additions for State Agencies – NOT INCLUDED

Appropriates federal and restricted funds earned based upon the initiatives undertaken with the funds appropriated for Special Maintenance, Remodeling, and Additions for State Agencies; requires the State Budget Director to determine the appropriate manner for implementing this section; requires the department to notify the legislature within 10 days of effectuating appropriations authorized under this section. Executive adds. House revises by requiring a report to be submitted to the legislature and state budget office listing all funds received under this section and expended. Senate does not include. Conference does not include.

Sec. 817. Former Deerfield Correctional Facility Demolition – NEW

Appropriates \$750,000 in IDG funding from the funds appropriated for Enterprisewide Special Maintenance for State Facilities to be used to work with the Department of Corrections on awarding a contract to the best bidder for demolition of the former Deerfield Correctional Facility. House adds. Senate does not include. Conference includes.

Sec. 821. Office of Retirement Services Report – NEW

Requires the Office of Retirement Services (ORS) to produce a report on the Judges Retirement System, Military Retirement System, Michigan Public School Employees' Retirement System, State Employees' Retirement System, and State Police Retirement System showing tables and charts of the annual required contribution flow per fiscal year and a justification if the payroll growth assumption is maintained at or above 0% for any pension or OPEB plan; requires additional items to be reported for the Michigan Public School Employees' Retirement System; requires ORS to post the most recent year's CAFR for each plan. House adds. Senate does not include. Conference includes.

Sec. 822. Report on Unclassified Salaries – RETAINED

Requires a report on individual appointee and unclassified employee salaries by January 1. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 822d. Report on Fee Rate Schedules – RETAINED

Requires a report on fee and rate schedules used by state departments and agencies for services to include changes in fees and rates and an explanation of the factors used to justify increased changes. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 822f. Regional Prosperity Initiative – RETAINED

Authorizes the regional prosperity grant program, which offers economic and workforce development planning grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners. Executive deletes. House retains. Senate deletes. Conference retains.

Sec. 822n. Request for Proposals Website – RETAINED

Requires DTMB to establish a request for proposals (RFP) website that is searchable by department and agency. Executive deletes. House retains. Senate retains. Conference retains.

Major Boilerplate Changes From FY 2018-19

Sec. 822o. Northern Satellite Psychiatric Facility – RETAINED

Requires DTMB to work with the Department of Health and Human Services to identify a location for the new Northern Satellite Psychiatric Facility capital outlay project approved for planning authorization under Article II of 2017 PA 107. Executive deletes. House retains. Senate retains and changes due dates from 2018 to 2020. Conference concurs with House.

Sec. 827. Michigan Public Safety Communications System (MPSCS) – RETAINED

Provides for assessment of fees and expenditure of revenues pertaining to the MPSCS; requires report on revenue collected and expenditures made in support of the system; specifies unencumbered funds are to be carried forward. Senate revises by eliminating subsection (4) which requires an annual report on revenue and expenditures and authorizes revenues to carry forward to the succeeding fiscal year. Conference concurs with House.

Sec. 827a. MPSCS Unpaid Invoices – DELETED

Requires \$2.0 million to be used to pay outstanding invoices for local agencies billed by MPSCS that are dated more than three years prior to the current fiscal year. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 828. IT Appropriations and Expenditures Report – REVISED

Requires an annual report on the total appropriations and expenditures for IT-related services and projects for all executive departments and agencies. Executive deletes. House retains. Senate retains. Conference revises by requiring the report to be submitted quarterly.

Sec. 829. Life-Cycle of Hardware and Software – RETAINED

Requires a report that analyzes and makes recommendations on the life-cycle of IT hardware and software. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 830. Enterprisewide IT Project Reporting – REVISED

Requires a quarterly report on active and closed IT projects throughout all executive branch departments on the schedule, budget, cost, project changes, and project success scores for each project; requires report. Executive deletes. House retains. Senate retains. Conference revises by requiring information on the origination of projects and project changes, descriptions of projects, and a schedule metric to show how late a project is.

Sec. 831. ORS Actuarial Analyses – DELETED

Requires funds for the retirement services actuarial analysis to be used to conduct an actuarial analysis to determine the costs incurred by the state employees retirement system as a result of implementing provisions of 2018 PA 556. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 831. Information Technology Services Billing – RETAINED

Requires DTMB, beginning after the first quarter of FY 2018-19, to submit information technology services related invoices to departments and agencies no later than 45 days after the end of the month in which the services were provided. Executive deletes. House retains. Senate concurs. Conference retains.

Sec. 832. Child Support Enforcement System – RETAINED

Requires DTMB to notify the legislature of potential or actual penalties for failure of the Michigan Child Support Enforcement System to achieve federal certification; requires additional reporting in the event of penalties being imposed. Executive deletes. House retains. Senate deletes. Conference retains.

Sec. 833. Adjustment of Appropriation Line Items – RETAINED

Provides for state budget director to adjust spending authorization and user fees in DTMB budget to properly align with IT appropriations in other state department/agency budgets. Senate deletes. Conference retains.

Sec. 835a. Nonprofit Census-Related Activity – DELETED

Requires one-time funding for census-related activities to be awarded to the Michigan Nonprofit Association to achieve a fair and accurate count in the 2020 census; designates unexpended funds as a work project. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 836. Information Technology Investment Fund Purpose – RETAINED

Explains the purpose of a one-time funding increase for the Information Technology Investment Fund. Executive deletes. House concurs. Senate retains. Conference concurs.

Sec. 837. EPMO Management of Projects – NEW

Requires projects expending more than \$250,000 utilize information technology project management best practices as defined or recommended by the Enterprise Portfolio Management Office and comply with the state SUITE methodology and requirements. Conference adds.

Major Boilerplate Changes From FY 2018-19

Sec. 838. Clawback Provisions in State Procurement Contracts – NEW

Requires the department to develop policies and procedures not later than October 2020 that will require all new procurement contracts to include clawback repayment provisions in the event of a breach of contract by a vendor. Conference adds.

Sec. 840. EPMO Performance Measures – RETAINED

Requires the development and use of metrics for activities related to funds appropriated to the Enterprise Portfolio Management Office. Executive deletes. House revises by requiring the department to utilize the performance metrics developed in the previous fiscal year. Senate retains. Conference retains.

Sec. 862. Required Reports to JCOS – RETAINED

Requires DTMB to provide various detailed reports to Joint Capital Outlay Subcommittee (JCOS) and fiscal agencies with status of each planning or construction project financed by the SBA. Executive deletes. House retains and revises by striking “as considered necessary” for the requirement to report. Senate retains. Conference concurs with House.

Sec. 881. Michigan State Capitol Commission – State Capitol Restoration/Infrastructure Upgrade Project Cost Increase – NEW

Provides for a \$15.0 million cost increase for the Michigan State Capitol Commission – State Capitol Restoration/Infrastructure Upgrade Project that was approved for construction authorization in 2017 PA 107 and reauthorized in 2018 PA 618, at a total authorized cost of \$110.0 million entirely funded by the State. The cost increase would provide the remainder of the funding necessary for the addition of approximately 54,000 sq. ft. of new space, to be called Heritage Hall, placed below ground. The \$15.0 million cost increase will result in a total project cost of \$125.0 million entirely funded by the State. Conference adds.

Sec. 882. Department of Health and Human Services – Caro Center Replacement – NEW

Provides for a revised scope for the DHHS – Caro Center Replacement project that was approved for construction authorization in 2017 PA 107 at a total estimated cost of \$115.0 million entirely funded by the State. The department would be required to build a new 100 bed facility at the current location of the Caro Regional Mental Health Center. Conference adds.

Sec. 883. Department of Health and Human Services – New Northern Satellite Psychiatric Facility – NEW

Requires new DHHS – Northern Satellite Psychiatric Facility, which would serve as a satellite psychiatric facility in northern Michigan, to be located in Chippewa County. Rescinds previous planning authorization in 2017 PA 107. Conference adds.

FY 2019-20: DEPARTMENT OF TREASURY
Summary: Conference Report
Senate Bill 138 (S-2) CR-1



Analyst: Ben Gielczyk

| IDG/IDT | FY 2018-19 YTD as of 3/5/19 | FY 2019-20 Executive | FY 2019-20 House | FY 2019-20 Senate | FY 2019-20 Conference | Difference: Conference From FY 2018-19 YTD | |
|-------------------|--------------------------------|-------------------------|------------------------|------------------------|--------------------------|---|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$12,780,300 | \$12,905,600 | \$12,646,200 | \$12,905,600 | \$12,905,600 | \$125,300 | 1.0 |
| Federal | 27,128,000 | 27,242,500 | 26,985,100 | 27,242,500 | 27,242,500 | 114,500 | 0.4 |
| Local | 13,135,700 | 13,215,800 | 12,767,500 | 13,215,800 | 13,215,800 | 80,100 | 0.6 |
| Private | 27,500 | 27,500 | 27,500 | 27,500 | 27,500 | 0 | 0.0 |
| Restricted | 1,727,494,000 | 1,804,941,600 | 1,794,333,400 | 1,782,750,500 | 1,786,008,300 | 58,514,300 | 3.4 |
| GF/GP | 210,961,300 | 218,826,800 | 203,766,300 | 211,976,800 | 212,476,800 | 1,515,500 | 0.7 |
| Gross | \$1,991,526,800 | \$2,077,159,800 | \$2,050,526,000 | \$2,048,118,700 | \$2,051,876,500 | \$60,349,700 | 3.0 |
| FTEs | 1,872.5 | 1,895.5 | 1,880.5 | 1,884.5 | 1,884.5 | 12.0 | 0.6 |

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the governor on tax and fiscal policy issues. The department's mission is to collect state taxes; to invest, control, and disburse state monies; and to protect the state's credit rating and that of its cities. The department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and the State Building Authority (SBA) are autonomous agencies housed within the department.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Constitutional Revenue Sharing

Executive increases constitutional revenue sharing by \$51.2 million of sales tax revenue relative to the FY 2018-19 budget act appropriated amount (\$27.5 million (3.2%) increase over FY 2018-19 January Consensus Revenue Estimating Conference estimates). House reduces estimated January CREC constitutional revenue sharing by \$81.3 million to reflect removal of sales tax on gas. Senate concurs with Executive. Conference increases by \$30.1 million of sales tax revenue relative to FY 2018-19 budget act appropriated amount to reflect May CREC estimates (1.7% increase compared to actual FY 2018-19 distributions).

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--------------|---|---|
| Gross | \$835,333,800 | \$30,108,100 |
| Restricted | 835,333,800 | 30,108,100 |
| GF/GP | \$0 | \$0 |

2. Supplemental Constitutional Revenue Sharing

House includes \$81.3 million of sales tax revenue to replace the reduction of constitutional revenue sharing from the removal of the sales tax on gas. Senate does not include. Conference does not include.

| | | |
|--------------|------------|------------|
| Gross | \$0 | \$0 |
| Restricted | 0 | 0 |
| GF/GP | \$0 | \$0 |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change | |
|---|------------|--|------------------------------------|-----------------------|
| 3. City, Village, and Township (CVT) Revenue Sharing and Supplemental CVT Revenue Sharing | | Gross | \$255,156,000 | \$5,868,600 |
| <u>Executive</u> increases total CVT revenue sharing by \$7.7 million (3.0%) of sales tax revenue. FY 2018-19 one-time funds (CVT Revenue Sharing and Supplemental CVT Revenue Sharing) totaling \$12.1 million in sales tax revenue would be maintained and included in the ongoing CVT revenue sharing line item. A CVT would be eligible to receive a payment equal to 103% of its FY 2018-19 combined eligible payment under CVT and Supplemental CVT revenue sharing. <u>House</u> includes increase of \$5.9 million (2.3%) of restricted sales tax revenue. House concurs with Executive, including all CVT revenue sharing line items in ongoing CVT Revenue Sharing line item. <u>Senate</u> retains current-year funding. <u>Conference</u> concurs with House 2.3% increase. | Restricted | 255,156,000 | 5,868,600 | |
| | GF/GP | \$0 | \$0 | |
| 4. County Revenue Sharing/County Incentive Program | | Gross | \$221,415,500 | \$5,092,600 |
| <u>Executive</u> includes \$6.6 million of sales tax revenue to increase county revenue sharing/county incentive program funding by 3.0%. Eligible counties would qualify for 105.277% of statutory full funding. County Incentive Program funding equals 20% of the estimated FY 2019-20 full funding amount. Of the total, \$545,000 accommodates the full-year cost of three counties (Antrim, Keweenaw, and Mackinac) that re-entered state revenue sharing in FY 2018-19. <u>House</u> includes increase of \$5.1 million (2.3%) of restricted sales tax revenue. Eligible counties would qualify for 104.5619% of statutory full funding. Of the total, \$545,000 accommodates the full-year cost of three counties (Antrim, Keweenaw, and Mackinac) that re-entered state revenue sharing in FY 2018-19. <u>Senate</u> includes \$545,000 of sales tax revenue to accommodate the full-year cost of three counties (Antrim, Keweenaw, and Mackinac) that re-entered state revenue sharing in FY 2018-19. <u>Conference</u> concurs with House 2.3% increase. | Restricted | 221,415,500 | 5,092,600 | |
| | GF/GP | \$0 | \$0 | |
| 5. Financially Distressed CVTs/Community Opportunities for Renewal Program | | Gross | \$2,500,000 | \$0 |
| <u>Executive</u> includes \$5.0 million for newly named Community Opportunities for Renewal program to replace the Financially Distressed CVTs program. Represents a \$2.5 million increase over the FY 2018-19 appropriation for the Financially Distressed CVTs program. The newly named program would retain the basic framework of the Financially Distressed CVTs program but replace the current authorized expenditures with infrastructure repair, public safety, blight removal, and other community revitalization projects as specified functions of the program. <u>House</u> retains existing program and appropriation funding level. <u>Senate</u> retains funding but adopts Executive program change. <u>Conference</u> concurs with House. | Restricted | 2,500,000 | 0 | |
| | GF/GP | \$0 | \$0 | |
| 6. General Obligation Bond Debt Service | | Gross | \$107,080,000 | (\$2,745,000) |
| <u>Executive</u> includes a net reduction of \$2.7 million GF/GP for general obligation bond debt service. The estimated baseline reduction in debt service would be partially offset with projected debt service increases associated with planned new issuances for Clean Michigan Initiative and Great Lakes Water Quality bonds. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. | GF/GP | \$107,080,000 | (\$2,745,000) | |
| | | | | |
| 7. Medical Marihuana Excise Fund Grants | | Gross | \$10,890,000 | (\$10,890,000) |
| <u>Executive</u> eliminates Medical Marihuana Excise Grants totaling \$10.9 million from the restricted Medical Marihuana Excise Fund. The 3% excise tax on provisioning center sales was eliminated under 2018 Initiated Law 1. House, Senate, and Conference concur. | Restricted | 10,890,000 | (10,890,000) | |
| | GF/GP | \$0 | \$0 | |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|---|--------------|---|---|
| 8. Medical Marihuana Administration | | | |
| <u>Executive</u> reduces by \$601,400 of restricted Marihuana Regulatory Fund and 4.0 FTE positions. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. | FTE | 4.0 | (4.0) |
| | Gross | \$911,400 | (\$601,400) |
| | Restricted | 911,400 | (601,400) |
| | GF/GP | \$0 | \$0 |
| 9. Recreational Marihuana Grants for Locals | | | |
| <u>Executive</u> includes \$20.3 million from the Marihuana Regulation Fund for statutorily required grants to local units of government. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. | Gross | \$0 | \$20,250,000 |
| | Restricted | 0 | 20,250,000 |
| | GF/GP | \$0 | \$0 |
| 10. Recreational Marihuana Administration | | | |
| <u>Executive</u> includes \$3.6 million of restricted Marihuana Regulation Fund and authorizes 16.0 FTE positions for administration and oversight of recreational marihuana pursuant to 2018 Initiated Law 1. <u>House</u> includes \$2.9 million of restricted Marihuana Regulation Fund and authorizes 12.0 FTE positions. The requested funding associated for marihuana administration IT costs were reduced by \$195,000 (25%) to match IT funding reductions throughout budget. <u>Senate</u> concurs with <u>Executive</u> on funding level but authorizes 1.0 FTE position for administration. <u>Conference</u> concurs with <u>Executive</u> . | FTE | 0.0 | 16.0 |
| | Gross | \$0 | \$3,632,200 |
| | Restricted | 0 | 3,632,200 |
| | GF/GP | \$0 | \$0 |
| 11. Senior Citizen Cooperative Housing Tax Exemption Reimbursement | | | |
| <u>Executive</u> increases by \$250,000 GF/GP to provide full funding for two new facilities (Ingham and Saginaw Counties) that became eligible for reimbursements in FY 2018-19. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. | Gross | \$10,521,100 | \$250,000 |
| | GF/GP | \$10,521,100 | \$250,000 |
| 12. Proposed Pass-Through Entity Business Tax Administration | | | |
| <u>Executive</u> includes \$2.0 million GF/GP and authorizes 11.0 FTE positions for administration and staffing needed to administer and implement the proposed business tax changes for pass-through business entities. <u>House</u> , <u>Senate</u> , and <u>Conference</u> do not include. | FTE | 0.0 | 0.0 |
| | Gross | \$0 | \$0 |
| | GF/GP | \$0 | \$0 |
| 13. Information Technology Cost Increases | | | |
| <u>Executive</u> includes \$1.5 million GF/GP to support increased costs related to the Unisys mainframe and servers utilized by the Department of Treasury for critical information technology systems. Other departments have ceased to use the Unisys mainframe and servers, thereby increasing the department's share of the overall costs. <u>House</u> includes funding but reduces by 25% to \$1.1 million GF/GP to align with IT reductions throughout budget. <u>Senate</u> and <u>Conference</u> concur with <u>Executive</u> . | Gross | \$36,207,600 | \$1,450,000 |
| | IDG/IDT | 400,000 | 0 |
| | Federal | 627,800 | 0 |
| | Restricted | 19,734,500 | 0 |
| | GF/GP | \$15,445,300 | \$1,450,000 |
| 14. Michigan Finance Authority | | | |
| <u>Executive</u> includes \$300,000 of restricted MFA, bond and loan program revenue for increased expenditures related to information technology (IT) and IT legacy replacement, staffing costs, and attorney general services. <u>House</u> includes funding but reduces by 25% to \$225,000 to align with IT reductions throughout budget. <u>Senate</u> and <u>Conference</u> concur with <u>Executive</u> . | Gross | \$26,097,700 | \$300,000 |
| | Federal | 23,049,900 | 0 |
| | Restricted | 3,047,800 | 300,000 |
| | GF/GP | \$0 | \$0 |
| 15. Targeted General Fund Reductions | | | |
| <u>Executive</u> reduces various line items by a total of \$650,100 GF/GP: Executive Direction (\$100,000), Supervision of General Property Tax Law (\$100,000), Tax Administration (\$100,000), Tax Compliance (\$250,000), Department Services (\$100,000), and Forensic Science Commission placeholder (\$100). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. | Gross | NA | (\$650,100) |
| | GF/GP | NA | (\$650,100) |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|---|--------------|---|---|
| 16. General Fund Reduction | Gross | NA | \$0 |
| <u>Senate</u> includes \$9.5 million GF/GP reduction by reducing line items that are supported with both GF/GP and delinquent tax collection revenue. <u>Conference</u> does not concur. | | GF/GP | NA |
| 17. Supervision of General Property Tax Law | Gross | \$18,894,500 | (\$3,100,000) |
| <u>House</u> reduces by \$3.1 million GF/GP to reflect administrative savings and work project availability. <u>Senate</u> does not include reduction. <u>Conference</u> concurs with House. | | Local | 140,000 |
| | | Restricted | 3,600,400 |
| | | GF/GP | \$15,154,100 |
| 18. Property Tax Assessor Training | FTE | 1.0 | 0.0 |
| <u>Senate</u> includes \$1.0 million GF/GP to expand assessor training through the State. <u>Conference</u> concurs with Senate. | | Gross | \$1,043,100 |
| | | Restricted | 0 |
| | | GF/GP | \$1,043,100 |
| 19. Municipal Cost Sharing Grants | Gross | \$0 | \$2,250,000 |
| <u>Conference</u> includes \$2.3 million GF/GP to support grants for the following purposes: city of Lansing security camera upgrades around Capitol Building (\$500,000), city of Lansing large special events at Capitol cost offset (\$500,000), and Dearborn 911 consolidation (\$1.3 million). | | GF/GP | \$0 |
| 20. Student Loan Refinancing Program Study | Gross | \$0 | \$500,000 |
| <u>Conference</u> provides \$500,000 GF/GP for a feasibility study related to a state student loan refinancing program. | | GF/GP | \$0 |
| 21. Millionaire Party Regulation | Gross | NA | \$3,000,000 |
| <u>Senate</u> includes \$3.0 million restricted State Lottery Fund to support regulation and oversight of millionaire parties offered through the Bureau of State Lottery charitable gaming. Senate moves funding from boilerplate allocation to a line-item appropriation (no change to overall program). <u>Conference</u> concurs with Senate. | | Restricted | NA |
| | | GF/GP | NA |
| 22. Wrongful Imprisonment Compensation Fund | Gross | \$1,500,000 | \$8,500,000 |
| <u>Executive</u> includes \$10.0 million GF/GP deposit (considered one-time) into the Wrongful Imprisonment Compensation Fund. This represents an \$8.5 million GF/GP increase from the FY 2018-19 appropriation included in 2018 PA 618. <i>NOTE: The FY 2018-19 supplemental request 2019-4 includes a \$10.0 million GF/GP deposit in the Wrongful Imprisonment Compensation Fund for payments anticipated in FY 2018-19.</i> <u>House</u> concurs on Gross funding of \$10.0 million but appropriates with \$5.0 million GF/GP and \$5.0 million of the Lawsuit Settlement Proceeds Fund. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House. | | Restricted | 0 |
| | | GF/GP | \$1,500,000 |
| 23. Removal of Other One-Time Appropriations | Gross | \$7,163,000 | (\$7,163,000) |
| <u>Executive</u> eliminates \$7.2 million GF/GP of FY 2018-19 appropriations considered one-time: Beat the Streets (\$100,000), Courageous Cadets (\$50,000), Drinking Water Declaration of Emergency Contingency Fund Transfer (\$5.6 million), Financial Data Analytic Tool Reimbursement (\$500,000), and Urban Search and Rescue (\$900,000). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. | | Restricted | 5,613,000 |
| | | GF/GP | \$1,550,000 |
| 24. Raise the Age Fund | Gross | \$0 | \$0 |
| <u>Senate</u> includes \$100 GF/GP as a placeholder for a deposit into the Raise the Age Fund in accordance with Senate Bill 102. <u>Conference</u> does not include. | | GF/GP | \$0 |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--|--------------|---|---|
| 25. Economic Adjustments | Gross | NA | \$3,297,700 |
| Reflects increased costs of \$3.3 million Gross (\$610,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> include. | IDG/IDT | NA | 125,300 |
| | Federal | NA | 114,500 |
| | Local | NA | 80,100 |
| | Restricted | NA | 2,367,200 |
| | GF/GP | NA | \$610,600 |
| 26. Administrative Efficiencies | Gross | NA | \$0 |
| <u>House</u> reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies. <u>Senate</u> and <u>Conference</u> do not include reductions. | IDG/IDT | NA | 0 |
| | Federal | NA | 0 |
| | Local | NA | 0 |
| | Restricted | NA | 0 |
| | GF/GP | NA | \$0 |
| 27. Information Technology Reduction | Gross | NA | \$0 |
| <u>House</u> reduces funding available for information technology services and projects by 25%. Reductions include Department of Treasury, Lottery, and Michigan Gaming Control Board IT line items. <u>Senate</u> and <u>Conference</u> do not include reductions. | IDG/IDT | NA | 0 |
| | Federal | NA | 0 |
| | Local | NA | 0 |
| | Restricted | NA | 0 |
| | GF/GP | NA | \$0 |

Major Boilerplate Changes From FY 2018-19

Sec. 901. Contingency Funds – REVISED

Appropriates up to \$1.0 million in federal, \$10.0 million in state restricted, \$200,000 in local, and \$40,000 in private contingency funds; authorizes expenditure after legislative transfer to specific line items. Senate deletes section. Conference reduces federal, local, and private contingency fund authorizations by 50%.

Sec. 902a. Notification of Bond Refinancing and Restructuring – RETAINED

Requires Department of Treasury to report, within 30 days after a new refinancing or restructuring bond sale, on the annual debt service changes, change in principal and interest over duration of the debt, and projected change in present value of the debt service due to refinancing. Executive deletes. House, Senate, and Conference retain current law.

Sec. 903. Tax Collection Contracts – REVISED

Authorizes the department to contract with private collection agencies and law firms to collect taxes, accounts due the state, defaulted student loans, and accounts due to Michigan guaranty agencies; provides funds for collection costs and fees; requires report of agencies used, amounts collected, cost of collection, and other information. Requires amounts appropriated for defaulted student loan collections from exceeding 24.34% of the collection or a lesser amount prescribed in the contract. Requires department to issue an RFP for a secondary placement collections program. Allows for a multiple contract approach for a bidder to bid on a part or the entirety of the contract for primary and secondary collections. Executive and Senate revise to eliminate requirement that department issue an RFP for a secondary placement collections program. House revises RFP requirement to state that an RFP shall be issued for secondary placement collections if the department issues an RFP for collection services. Removes language that provides guidelines for issuing RFP, as no RFP is planned to be issued in FY 2019-20. Conference concurs with House.

Sec. 907b. Property Tax Assessor Training Enhancement – NEW

Requires \$1.0 million of increased funds appropriated in part 1 for property tax assessor training to be used to expand in-person training through the state in at least each regional prosperity zone. Senate includes as new section. Conference concurs with Senate.

Sec. 920. Personal Property Tax Reimbursement Reporting – REVISED

Requires the department to produce a listing of all personal property tax reimbursement payments to be distributed by the Local Community Stabilization Authority related to property taxes levied in the current calendar year. Requires listing to be posted on the department website by September 30. Requires notice describing adjustments in personal property tax reimbursements that will affect the subsequent payment. Provides that the notice shall be distributed to all municipalities. Executive and Senate revise by removing the requirement that the department provide a notice describing adjustments to all municipalities. House retains current law. Conference concurs with Executive and Senate.

Sec. 927. Personal Property Tax Audits – RETAINED

Requires the department to submit annual progress reports regarding personal property tax and essential service assessment audits. Executive and Senate delete. House retains current law. Conference concurs with House.

Major Boilerplate Changes From FY 2018-19

Sec. 934. Expending of Authority Revenues – RETAINED

Authorizes the department to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employees' Retirement Fund; requires maintaining records to facilitate reimbursement. Executive revises by removing reporting requirement. House, Senate, and Conference retain current law.

Sec. 936. Financial Data Analytical Tool Guidance – REVISED

Requires appropriation to be used for reimbursing counties, cities, villages, townships, and regional councils of government for the cost of a data analytical tool that provides financial data analysis and early warning analysis from a vendor approved by DTMB in FY 2017-18. Allows for proration of available funds. Provides work project authorization for any unexpended funds. Executive and House delete section. Senate revises section to require the department to maintain and continue the data analytic tool work project. Conference concurs with Senate.

Sec. 940. Principal Residence Exemption Administration Feasibility Study – DELETED

Requires the department to study the feasibility of requiring homeowners to file principal residence exemption documents directly with the department. Executive, House, Senate, and Conference delete section.

Sec. 943. Medical Marijuana Closed-Loop Payment System – DELETED

Authorizes the department to establish a closed-loop payment processing and digital patient identification delivery and authentication system under which the department creates accounts to be used only by registered participants. Executive, House, Senate, and Conference delete section.

Sec. 949g. Urban Search and Rescue Task Force – DELETED

Allocates \$900,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2017-18 revenues and expenditures, proposed FY 2018-19 grant expenditures, and a final report on FY 2018-19 grant expenditures. Executive, House, Senate, and Conference delete section.

Sec. 949l. Request for Proposals for OPEB Oversight and Transformational Brownfield Program – DELETED

Requires the department to issue an RFP by December 15 for data analytics for the entire department, which would include both the local other post-employment benefits oversight legislation (2017 PA 202) and the recodified tax increment financing act (2018 PA 57). Vendor would be required to specialize in data analytics. Processing of program information would remain with the department. Executive, House, Senate, and Conference delete section.

Sec. 949m. Grants for Security Measures Around Capitol – NEW

Allocates \$500,000 for security camera installation around the Capitol Complex, \$500,000 for police department services during large events at the Capitol Building, and \$1.3 million for a grant to a consolidated police and EMS dispatch center in Dearborn. Conference includes as new section.

Sec. 949n. Student Loan Refinancing Program Study – NEW

Requires the department to conduct a feasibility study concerning the implementation of a student loan refinancing program. Conference includes as new section.

REVENUE SHARING

Sec. 951. Supplemental Constitutional Revenue Sharing Grants – NOT INCLUDED

Requires funds appropriated in part 1 for supplemental constitutional revenue sharing grants be distributed to all CVTs in the same manner as constitutional revenue sharing. House includes as new section. Senate and Conference do not include.

Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED

Specifies distribution of \$248.8 million to all CVTs that received a payment under Section 950(2) of 2009 PA 128 greater than \$1,000. Eligible payment is equal to 78.51044% of its total payment received under Section 950(2) of 2009 PA 128 or, for a CVT with a population in excess of 7,500, notwithstanding whether it received a payment greater than \$1,000 under Section 950(2) of 2009 PA 128, a payment equal to the population of the CVT multiplied by \$2.64659, whichever is greater. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for a county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Executive revises to specify that an eligible CVT is eligible to qualify for 103% of its FY 2018-19 payment. House revises to specify that an eligible CVT is eligible to qualify for 102.3% of its FY 2018-19 payment. Includes new subsection that requires eligible CVTs to allocate an amount equal to their FY 2019-20 eligible payment increase to their unfunded pension liabilities if they have a pension that is considered to be in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (CVTs are exempt if they have issued a municipal security to pay down their unfunded liability.) Senate maintains current-year funding. Conference concurs with House.

Major Boilerplate Changes From FY 2018-19

Sec. 955. County Revenue Sharing Payments – REVISED

Requires the county revenue sharing appropriation to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 102% of the amount determined pursuant to the Glen Steil State Revenue Sharing Act. Executive revises to specify that each county receives a payment equal to 105.277% of statutory full funding. House revises to specify that each county receives a payment equal to 104.5619% of statutory full funding. Includes new subsection that requires counties receiving a payment to allocate their FY 2019-20 payment increase to their unfunded pension liabilities if they have a pension that is considered to be in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (Counties are exempt if they have issued a municipal security to pay down their unfunded liability.) Senate revises to specify that each county receives 102.4627%, which effectively maintains current year funding. Conference concurs with House.

Sec. 956. Financially Distressed Cities, Villages, and Townships – RETAINED

Specifies distribution of \$2.5 million as grants to CVTs that have one or more conditions of probable financial distress. CVTs must work with Treasury to develop plan for grant funding, and grants must be used for specific projects or services that move the CVT toward financial stability (reduce unfunded liability, repair or replace critical infrastructure/equipment, reduce debt obligations, pay costs associated with moving to shared services, or other projects that move the local unit toward financial stability). Grants are capped at \$2.0 million. Funds are designated as work project. Requires report. Executive revises by renaming program the Community Opportunities for Renewal and restructuring the purpose of the program to require that grants be used for critical infrastructure and equipment, public safety enhancements, blight removal, or other community revitalization projects. Funds program at \$5.0 million. House retains current law and funding amount. Senate concurs with Executive on renaming and restructuring of program. Funds program at \$2.5 million. Conference concurs with House.

Sec. 957. Supplemental City, Village, and Township Revenue Sharing – DELETED

Specifies distribution of \$6.2 million to support supplemental revenue sharing payments. Payments would be provided to CVTs on a per capita basis equal to \$0.807929 per person. Funds must be used to pay down debt, pension, or other postemployment benefit obligations, unless the local unit has no such debt obligations. Executive, House, Senate, and Conference delete section.

Sec. 958. Supplemental County Revenue Sharing – DELETED

Requires \$1.0 million appropriated for Supplemental County Revenue Sharing to be distributed to each eligible county in an amount equal to 0.4627% of full funding for each county under the Glenn Steil State Revenue Sharing Act. Requires funds to be used to pay debt, pension, and OPEB obligations, unless the local unit has no such debt obligations. Executive, House, Senate, and Conference delete section.

TREASURY – BUREAU OF STATE LOTTERY

Sec. 964. Promotion and Advertising Appropriation – RETAINED

Appropriates 1% of the Bureau of State Lottery's prior fiscal year's gross sales for promotion and advertising. House revises to permit 1% of the prior fiscal year's gross sales or \$20.0 million, whichever is less, for promotion and advertising. Senate and Conference retain current law.

TREASURY – MICHIGAN GAMING CONTROL BOARD

Sec. 978. Racing Commission Regulatory Changes – RETAINED

Requires the Michigan Gaming Control Board to determine the actual regulatory costs of conducting race dates; it would limit reimbursement to actual expenses; and the language specifies that, in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations. Executive revises by removing language stating that if a certified horsemen's organization funds more than the actual regulatory cost, the balance shall remain in the Agriculture Equine Industry Development Fund to fund subsequent race dates. Also strikes language stating that if a horsemen's organization funds less than the actual regulatory costs of the additional horse racing dates, the MGCB shall reduce the number of future race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts. House, Senate, and Conference retain current law.

FY 2019-20: DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY

Summary: Conference Report Senate Bill 138 (S-2) CR-1



Analyst: Ben Gielczyk

| | FY 2018-19 YTD as of 3/5/19 | FY 2019-20 Executive | FY 2019-20 House | FY 2019-20 Senate | FY 2019-20 Conference | Difference: Conference From FY 2018-19 YTD | |
|------------|--------------------------------|-------------------------|------------------------|------------------------|--------------------------|---|---------------|
| | | | | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -- |
| Federal | 762,645,800 | 762,145,800 | 760,754,900 | 762,145,800 | 762,145,800 | (500,000) | (0.1) |
| Local | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 0 | 0.0 |
| Private | 5,621,700 | 5,628,300 | 5,614,600 | 5,628,300 | 5,628,300 | 6,600 | 0.1 |
| Restricted | 205,432,300 | 175,074,600 | 205,922,800 | 193,074,600 | 207,336,900 | 1,904,600 | 0.9 |
| GF/GP | 286,546,300 | 144,908,300 | 63,554,900 | 145,908,400 | 121,383,000 | (165,163,300) | (57.6) |
| Gross | \$1,260,746,100 | \$1,088,257,000 | \$1,036,347,200 | \$1,107,257,100 | \$1,096,994,000 | (\$163,752,100) | (13.0) |
| FTEs | 1,456.0 | 1,456.0 | 1,456.0 | 1,456.0 | 1,456.0 | 0.0 | 0.0 |

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

As structured in the FY 2019-20 budget bill, the Department of Labor and Economic Opportunity (DLEO) includes the Michigan Strategic Fund (MSF), Talent Investment Agency (TIA), Workforce Development Agency, Unemployment Insurance Agency, Land Bank Fast Track Authority, and Michigan State Housing Development Authority (MSHDA). Collectively, DLEO includes programs and resources designed to increase job creation, job preparedness, job training, economic development, and create and preserve safe and affordable housing in the State of Michigan.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Pure Michigan

Executive reduces by \$5.0 million Gross (\$1.0 million GF/GP). This includes a shift of \$4.0 million in state restricted 21st Century Jobs Trust Fund to Business Attraction and Community Revitalization to realize GF/GP savings. House reduces by \$4.0 million (\$1.0 million GF/GP). Senate increases by \$1.5 million Gross and reduces by \$500,000 GF/GP for a total appropriation of \$37.5 million. (Note: Section 453 of the boilerplate allocates \$500,000 of the total for last dollar use for hosting a conference for a national council that receives dues from this state.). Conference concurs with Senate. Boilerplate Section 1053 allocating \$500,000 to state government conference is included as Section 1053.

| | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|------------|--|------------------------------------|
| Gross | \$36,000,000 | \$1,500,000 |
| Restricted | 35,000,000 | 0 |
| GF/GP | \$1,000,000 | \$1,500,000 |

2. Business Attraction and Community Revitalization

Executive replaces \$4.0 million GF/GP with a corresponding amount of 21st Century Jobs Trust Fund transferred from the Pure Michigan line item for a net change of \$0 Gross. House includes \$3.0 million GF/GP replacement with corresponding amount of 21st Century Jobs Trust Fund and reduces line item by an additional \$55.6 million GF/GP. Senate reduces by \$2.8 million Gross (\$3.5 million GF/GP). Replaces \$750,000 GF/GP with corresponding amount of 21st Century Jobs Trust Fund. Conference reduces by \$26.0 million GF/GP. (See also Item #3.)

| | | |
|------------|---------------|----------------|
| Gross | \$105,379,900 | (\$26,000,000) |
| Restricted | 23,600,000 | 0 |
| GF/GP | \$81,779,900 | (\$26,000,000) |

3. Rural Job and Capital Investment Fund

Conference includes \$10.0 million deposit into the Rural Jobs and Capital Investment Fund. Funds are appropriated in the Business Attraction and Community Revitalization line item and allocated in Section 1048 of the boilerplate.

| | | |
|-------|-----|--------------|
| Gross | \$0 | \$10,000,000 |
| GF/GP | \$0 | \$10,000,000 |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|---|--------------|---|---|
| 4. Going Pro | Gross | \$36,418,800 | \$90,200 |
| <u>Executive</u> reduces program funding by \$8.5 million Gross. Replaces \$25.9 million state restricted Contingent Fund, Penalty and Interest Account funding with a corresponding amount of GF/GP for a total Going Pro appropriation of \$27.9 million GF/GP. <u>House</u> concurs with Gross funding amount (\$27.9 million) but funds entire line item with Contingent Fund, Penalty and Interest Account. <u>Senate</u> retains current year funding and removes earmark of \$1.5 million for Graduation Alliance, for an effective increase in Going Pro of \$1.5 million. Replaces \$15.9 million Contingent Fund, P&I with corresponding amount of GF/GP. Deposits all funds in the Going Pro Talent Fund. <i>Note: \$1.5 million of FY 2018-19 Going Pro total was allocated through Section 1070 to Graduation Alliance (See Item #12 and Section 1070).</i> <u>Conference</u> includes \$92,100 Gross increase (reduction of \$1.9 million GF/GP). <i>Note: Appropriation bill line item appropriation includes \$750,000 GF/GP to support Graduation Alliance (see item #12 below).</i> | Restricted | 25,918,800 | 777,700 |
| | GF/GP | \$10,500,000 | (\$687,500) |
| 5. Entrepreneurship Eco-System | Gross | \$18,900,000 | (\$2,500,000) |
| <u>Executive</u> removes \$2.5 million GF/GP of one-time funds. <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive and removes \$2.5 million GF/GP of one-time funds. Reduces ongoing funding by an additional \$2.8 million 21 st Century Jobs Trust Fund. <u>Conference</u> concurs with Executive. | Restricted | 16,400,000 | 0 |
| | GF/GP | \$2,500,000 | (\$2,500,000) |
| 6. Community Ventures | Gross | \$4,000,000 | (\$3,000,000) |
| <u>Executive</u> eliminates Community Ventures program totaling \$4.0 million from the state restricted Contingent Fund, Penalty and Interest Account. <u>House</u> concurs. <u>Senate</u> retains current-year appropriations for program. <u>Conference</u> reduces funding by \$3.0 million. | Restricted | 4,000,000 | (3,000,000) |
| | GF/GP | \$0 | \$0 |
| 7. At-Risk Youth Grants | Gross | \$3,000,000 | \$750,000 |
| <u>Executive</u> eliminates program grant for Jobs for Michigan Graduates totaling \$3.0 million from the state restricted Contingent Fund, Penalty and Interest Account. <u>House</u> includes \$3.8 million GF/GP for Jobs for Michigan Graduates program. <u>Senate</u> increases by \$1.0 million Contingent Fund, P&I, for a gross appropriation of \$4.0 million. <u>Conference</u> concurs with House. | Restricted | 3,000,000 | (3,000,000) |
| | GF/GP | \$0 | \$3,750,000 |
| 8. Van Andel Institute | Gross | \$1,000,000 | \$0 |
| <u>Executive</u> eliminates \$1.0 million GF/GP that supported program grant to the Van Andel Institute. <u>House</u> retains \$1.0 million GF/GP for Van Andel Institute grant but appropriates funds in the Entrepreneurship Eco-System line item. Section 1047 of boilerplate specifies distribution of \$1.0 million of Entrepreneurship Eco-System line item to Van Andel Institute. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House on funding amount, but includes in Michigan Enhancement Grants line item and allocates through Section 1047. | GF/GP | \$1,000,000 | \$0 |
| | | | |
| 9. Michigan Film Promotion Fund | Gross | \$402,200 | (\$402,200) |
| <u>House</u> removes \$402,200 of restricted Michigan Film Promotion Fund. <u>Senate</u> does not include. <u>Conference</u> concurs with House. | Restricted | 402,200 | (402,200) |
| | GF/GP | \$0 | \$0 |
| 10. Protect and Grow | Gross | \$0 | \$1,000,000 |
| <u>Conference</u> includes \$1.0 million for Protect and Grow program related to Michigan's defense and homeland security businesses. | GF/GP | \$0 | \$1,000,000 |
| | | | |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change |
|--|--------------|---|---|
| 11. Enhancement Grants | Gross | NA | \$1,799,000 |
| <u>House</u> includes \$100 placeholders for the following grants in the Michigan Strategic Fund: Arab American National Museum (\$100), Charles H. Wright Museum of African American History (\$100), the Holocaust Memorial Center (\$100), and Michigan business incubator development grant (\$100). <u>Senate</u> includes \$100 placeholder for Sloan Museum grant. <u>Conference</u> includes \$1.8 million GF/GP for the following three grants: Western Upper Peninsula workforce development association retirement shortfall (\$971,000), Electronic Recording Commission grants (\$166,000), and Center for Employment Opportunities (\$662,000). <i>Note: Includes in Michigan Enhancement Grants line item and allocates through Section 1047.</i> | GF/GP | NA | \$1,799,000 |
| 12. Graduation Alliance | Gross | \$1,500,000 | (\$750,000) |
| <u>Executive</u> removes \$1.5 million grant for the Graduation Alliance appropriated and allocated in the Going Pro line item. <u>House</u> includes \$742,200 GF/GP in the Going Pro line item to support a program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. This represents a \$757,800 GF/GP reduction from FY 2018-19. <u>Senate</u> concurs with Executive by removing funding. <u>Conference</u> includes \$750,000 for Graduation Alliances. Funds are included in the Going Pro line item and allocated by Section 1070. | GF/GP | \$1,500,000 | (\$750,000) |
| 13. Land Bank Fast Track Authority | FTE | 9.0 | 0.0 |
| <u>Executive</u> replaces \$1.5 million GF/GP with a corresponding amount of state restricted Land Bank Fast Track Fund revenues for a net change of \$0 Gross. Improved revenue generation from land bank operations has resulted in improved Land Bank Fast Track Fund revenues. <u>House</u> replaces all GF/GP funding (including FY 2019-20 economics adjustment totaling \$15,100 GF/GP) with corresponding amount of Land Bank Fast Track Fund for net change of \$0 Gross. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House. | Gross | \$4,125,700 | \$0 |
| | Federal | 1,000,000 | 0 |
| | Restricted | 148,400 | 2,992,400 |
| | GF/GP | \$2,977,300 | (\$2,992,400) |
| 14. Blight Removal Grants | Gross | \$350,000 | \$150,000 |
| <u>Executive</u> eliminates Rural Blight Elimination program. <u>House</u> includes \$350,100 GF/GP, which reflects a \$100 increase over current year to reflect the inclusion of a placeholder for blight elimination in the city of Detroit. <u>Senate</u> concurs with Executive. <u>Conference</u> increases rural blight elimination grants by \$150,000 GF/GP to a total of \$500,000 GF/GP split between rural blight elimination (\$250,000) and city of Detroit projects performed by nonprofits (\$250,000). | GF/GP | \$350,000 | \$150,000 |
| 15. High School Equivalency-to-School | Gross | \$0 | \$250,000 |
| <u>House</u> includes \$525,000 GF/GP to support a high school equivalency reimbursement program for individuals meeting certain qualifications. <u>Senate</u> does not include. <u>Conference</u> includes \$250,000 GF/GP. | GF/GP | \$0 | \$250,000 |
| 16. Other One-Time Appropriations | Gross | \$147,450,600 | (\$147,450,600) |
| <u>Executive</u> removes FY 2018-19 one-time appropriations totaling \$151.3 million Gross (\$151.3 million GF/GP). One-time appropriations supported the following items: Michigan Enhancement Grants (\$113.5 million); Business Attraction and Community Revitalization (\$20.0 million); Northern MI Tourism and Sports Fund (\$10.0 million); Workforce Development GEAR UP grants replacement (\$2.0 million); Arts and Cultural Grants (\$1.0 million); Project Rising Tide (\$1.0 million); and Drinking Water Declaration of Emergency (\$100). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. | Restricted | 100 | (100) |
| | GF/GP | \$147,450,500 | (\$147,450,500) |

| Major Budget Changes From FY 2018-19 YTD Appropriations | | FY 2018-19 Year-to-Date (as of 3/5/19) | FY 2019-20 Conference Change | |
|---|--------------|--|------------------------------------|----------------------|
| 17. MSHDA Fee Authorization Increase for Attorney General Costs | | Gross | \$45,043,500 | \$335,500 |
| <u>Executive</u> includes \$335,500 of restricted MSHDA fees and charges for additional attorney general legal services. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. | Restricted | 45,043,500 | 335,500 | |
| | GF/GP | \$0 | \$0 | |
| | | | | |
| 18. DTED Reorganization | | FTE | 17.0 | 0.0 |
| <u>Executive</u> includes a net zero reorganization of \$3.4 million and 17.0 FTE positions to reflect movement of organizational responsibilities. <u>House</u> concurs. <u>Senate</u> concurs; unrolls Michigan Works! Funding and includes as standalone line item (net \$0 change). <u>Conference</u> concurs with <u>Executive</u> . | Gross | \$3,365,400 | \$0 | |
| | Federal | 3,112,800 | 0 | |
| | Restricted | 252,600 | 0 | |
| | GF/GP | \$0 | \$0 | |
| | | | | |
| 19. General Fund Replacement – Talent Investment Agency | | Gross | NA | \$0 |
| <u>House</u> replaces \$3.5 million GF/GP with a corresponding amount of Contingent Fund, Penalty and Interest Account funds. <u>Senate</u> does not include. <u>Conference</u> concurs with <u>House</u> . | Restricted | NA | 3,475,600 | |
| | GF/GP | NA | (\$3,475,600) | |
| | | | | |
| 20. Fund Source Realignment | | Gross | NA | (\$2,233,000) |
| <u>Executive</u> includes a \$2.2 million reduction of federal fund authorization to align revenue sources with anticipated revenues and remove defined calculations/economics adjustments from federal funds that cannot absorb the economic increase. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. | Federal | NA | (2,185,100) | |
| | Restricted | NA | (47,900) | |
| | GF/GP | NA | \$0 | |
| | | | | |
| 21. Economics Adjustments | | Gross | NA | \$2,709,000 |
| Reflects increased costs of \$2.7 million Gross (\$243,700 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. | Federal | NA | 1,685,100 | |
| | Private | NA | 6,600 | |
| | Restricted | NA | 773,600 | |
| | GF/GP | NA | \$243,700 | |
| | | | | |
| 22. Administrative Efficiencies | | Gross | NA | \$0 |
| <u>House</u> reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies. <u>Senate</u> and <u>Conference</u> do not include. | Federal | NA | 0 | |
| | Private | NA | 0 | |
| | Restricted | NA | 0 | |
| | GF/GP | NA | \$0 | |
| 23. Information Technology Reduction | | Gross | \$3,625,100 | \$0 |
| <u>House</u> reduces funding available for MSHDA information technology services and projects by 25%. <u>Senate</u> and <u>Conference</u> do not include. | Restricted | 3,625,100 | 0 | |
| | GF/GP | \$0 | \$0 | |

Major Boilerplate Changes From FY 2018-19

NOTE: Senate renumbers boilerplate due to the removing of the budget from General Government.

Sec. 980. Contingency Funds – REVISED

Appropriates \$30.0 million in federal contingency funds, \$10.0 million in state restricted contingency funds, \$2.0 million in private contingency funds, and \$2.0 million in local contingency funds. Senate deletes section. Conference revises each down by 50%.

Sec. 983. Broadband Bonding Prohibition – REVISED

Prohibits the MSF and MSHDA from issuing or refinancing bonds for broadband construction, expansion, repairs, or upgrades. *NOTE: Governor indicated Section 983 is considered unenforceable in his signing letter for enacted FY 2018-19 budget.* Executive deletes section. House retains current law. Senate retains and revises language to prohibit the use of funds for broadband construction, expansion, repairs, or upgrades. Conference concurs with Senate.

Sec. 984. SIGMA System Reporting – RETAINED

Requires MSF to use SIGMA to report encumbrances and expenditures. Executive deletes section. House, Senate, and Conference retain section.

Major Boilerplate Changes From FY 2018-19

DLEO – MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Sec. 990. Michigan State Housing Development Authority Annual Report – RETAINED

Requires MSHDA to annually present a report on the status of the authority's housing production goals under all financing programs. Executive deletes section. House, Senate, and Conference retain section.

Sec. 991. Contractors Assistance Program – NOT INCLUDED

Requires MSHDA to fund and operate a Contractors Assistance Program for women and minority contractors. House includes as new section. Executive, Senate, and Conference do not include.

Sec. 996. Landlord Risk Mitigation Program – NOT INCLUDED

Requires MSHDA to allocated \$500,000 of the funds appropriated for housing and rental assistance to a landlord risk mitigation program that provides matching grants to local units of government or nonprofit landlord risk management programs aimed at preventing homelessness. Requires MSHDA to develop and publish guidelines. Designates funds as a work project with a tentative completion date of September 30, 2024. House includes as a new section. Executive, Senate, and Conference do not include.

Sec. 998. Blight Removal Grants – NEW

Requires \$350,100 appropriated in part 1 for Blight Removal Grants to be allocated in the following manner: (1) \$350,000 for blight removal projects located in counties with populations under 50,000 with priority given to communities with the greatest population loss since 2000 and cap grants at \$50,000; (2) \$100 awarded to blight removal projects in the city of Detroit. House includes as a new section. Executive and Senate do not include. Conference concurs with House inclusion of the rural blight elimination program, but appropriates \$500,000 split between rural blight elimination (\$250,000) and city of Detroit projects performed by nonprofits (\$250,000).

DLEO – MICHIGAN STRATEGIC FUND

Sec. 1004. Statutory Reporting Requirements Update – RETAINED

Requires MSF to provide information included in the MSF Act annual activities report to legislature by March 15. Executive deletes section. House, Senate, and Conference retain section.

Sec. 1006. Business Incentive and Community Revitalization Grant Amendment Reporting – RETAINED

Requires MSF to provide a report of prior year amendments to Michigan Business Development Program and Michigan Community Revitalization Program incentives by March 15. Executive deletes section. House, Senate, and Conference retain current law.

Sec. 1024. Business Attraction and Community Revitalization – REVISED

Requires that not less than \$20.0 million of the funds appropriated in part 1 be used for brownfield redevelopment incentives and historic preservation incentives. House revises to require not less than 20% of the funds appropriated in part 1 be used for brownfield redevelopment and historic preservation incentives. Executive and Senate retain current law. Conference concurs with House.

Sec. 1033. Film and Digital Media Office Status Report – RETAINED

Requires annual activities report from the Michigan Film and Digital Media Office. The report must include a listing of all projects that received assistance from the office, a listing of the services provided for each project, and an estimate of the investment leveraged. Executive deletes section. House, Senate, and Conference retain current law.

Sec. 1041. Business Attraction and Community Revitalization Transfer of Funds – RETAINED

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1. Executive deletes section. House, Senate, and Conference retain current law.

Sec. 1047. Michigan Strategic Fund – Grants – DELETED

Specifies individual grants included in the MSF - Grant line item totaling \$1.4 million GF/GP: Van Andel Institute (\$1.0 million GF/GP) and Rural Blight Removal (\$350,000 GF/GP). Executive, House, Senate, and Conference delete section.

Sec. 1047. Entrepreneurship Eco-System Allocation Grant – NOT INCLUDED

Requires \$1.0 million of the amount appropriated for Entrepreneurship Eco-System to be allocated to the Van Andel Institute. House includes as new section. Executive, Senate, and Conference do not include.

Sec. 447. Michigan Enhancement Grants – NOT INCLUDED

Requires \$100 of funds appropriated in part 1 to be awarded to the Sloan Museum. Senate includes as new section. Conference does not include.

Major Boilerplate Changes From FY 2018-19

Sec. 1047. Michigan Enhancement Grants – NEW

Specifies appropriation in part 1 shall be awarded to the following: Center for Employment Opportunities (\$662,000), County E-Recording grants (\$166,000), Van Andel Institute (\$1.0 million), Western Upper Peninsula workforce development retirement shortfall (\$950,000). Conference includes as new section.

Sec. 1048. MSF – Grants Disbursement – NOT INCLUDED

Requires \$400 for MSF – Grants to be distributed to the following four entities: Charles H. Wright Museum of African American History, Holocaust Memorial Center, Arab American National Museum, and Michigan business incubator development grant. House includes as new section. Executive, Senate, and Conference do not include.

Sec. 1048. Rural Jobs and Capital Investment Fund – NEW

Requires \$10.0 million of appropriation for Business Attraction and Community Revitalization to be deposited in the Rural Jobs and Capital Investment Fund. Any funds deposited in the fund would be considered appropriated and available for expenditure pursuant to the requirements of the Michigan Strategic Fund Act. Conference includes as new section.

Sec. 1052. Project Rising Tide Performance Measures – DELETED

Requires DLEO to identify specific performance measures for the Project Rising appropriations; provides two performance measures. Executive, House, Senate, and Conference delete section.

Sec. 1053. Pure Michigan Appropriation – NEW

Requires \$500,000 of the funds appropriated in part 1 for Pure Michigan to be allocated for last dollars to fund the gap between the total cost of hosting a national conference for a national council that currently receives association dues from this state and the total amount privately raised. Senate includes as a new section (Sec. 453). Conference concurs with Senate but includes as Section 1053.

Sec. 1067. Going Pro Talent Fund – NEW

Specifies that funds appropriated in part 1 for the Going Pro Talent Fund are considered available for expenditure under the Going Pro Talent Fund Act. Senate includes as new section. Conference concurs with Senate inclusion of section but revises language to state that funds appropriated for Going Pro in part 1 may be deposited into the Going Pro Talent Fund. Further, if the funds are deposited, they are considered available for expenditure under the Going Pro Talent Fund Act.

DLEO – TALENT INVESTMENT AGENCY

Sec. 1070. Dropout Support and Career Training Grant – REVISED

Requires \$1.5 million of the funds appropriated for Going Pro to support a pilot program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. Provides requirements to qualify as an eligible program provider. Provides detailed reimbursement rates for certain performance measures. Executive deletes section. House revises to require \$742,200 of the amount appropriated for Going Pro to be used for this program. Senate deletes section. Conference revises amount to \$750,000 to reflect appropriation in part 1 Going Pro line item.

Sec. 1071. Dropout Prevention and Recovery Program for Michigan Youth – REVISED

Requires \$3.0 million from the funds appropriated for At-Risk Youth Grants to be awarded to the Michigan franchise holder of the national Jobs for America's Graduates program. Executive deletes section. House revises to \$3.8 million to align with appropriation in part 1. Senate revises to \$4.0 million to align with appropriation in part 1. Conference concurs with House.

Sec. 1072. High School Equivalency-to-School Program Guidelines – NEW

Stipulates that funds appropriated in part 1 for the program are to be used to cover the cost of a high school equivalency test free of charge to individuals meeting certain requirements. Requires Talent Investment Agency to develop procedures, provide program information, provide full-year cost estimate, and provide a report. House includes as a new section. Executive and Senate do not include. Conference concurs with House but revises amount to \$250,000.

Sec. 1073. GED-to-School Work Project Reauthorization – NEW

Requires unexpended funds appropriated in FY 2014-15 for the GED-to-School program in work project status to be reauthorized as a work project. This would authorize continued usage of funds for the High School Equivalency-to-School program. House includes as new section. Executive and Senate do not include. Conference concurs with House.

Sec. 1079. Interagency Agreement for TANF Funds – RETAINED

Requires TIA to extend into an interagency agreement with Department of Health and Human Services for the use of TANF funds. Requires report on use of TANF funds by TIA. Executive deletes section. House, Senate, and Conference retain current law.

Major Boilerplate Changes From FY 2018-19

Sec. 1080. Community Ventures Matching Funds – REVISED

Stipulates that up to \$2.0 million of funding for Community Ventures may be used for a matching program (\$1 for \$1) if private funds are raised. Executive and House delete section. Senate retains current law. Conference retains current law but revises to stipulate that up to \$1.0 million may be used for matching program to reflect reduced appropriation in part 1.

Sec. 1081. Statewide Data System Integration Performance Metrics – DELETED

Requires DLEO to identify specific outcomes and performance metrics for increased funds associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used. Status report required by March 15. Executive, House, Senate, and Conference delete section.

Sec. 1082. Sustainable Employment Pilot Program – DELETED

Requires a status update on the usage of funds appropriated for the Sustainable Employment Pilot Program. Provides requested reporting metrics. Executive, House, Senate, and Conference delete section.

Sec. 583. Michigan Works! Retirement Shortfall – NOT INCLUDED

Requires \$866,000 of the funds appropriated in part 1 for Michigan Works! to be awarded to cover a retirement funding shortfall at an association (UPWARD Talent Agency) established to provide services and support to Michigan's workforce development system located in the Upper Peninsula. Senate includes as a new section. Conference does not include section. *Note: Conference includes \$950,000 for this grant in Section 1047 noted above.*

Sec. 1084. Going Pro Performance Measures – DELETED

Requires DLEO to identify specific performance measures for Going Pro appropriations; provides three performance measures. Executive, House, Senate, and Conference delete section.

Supplemental Recommendations for FY 2018-19 Appropriations**Recommendation****AGRICULTURE AND RURAL DEVELOPMENT****1. Industrial Hemp Research and Development**

Includes \$1.3 million GF/GP for developing and implementing industrial hemp pilot research programs in accordance with 2018 PA 641. Programs would include licensing, monitoring, and testing.

| | |
|--------------|--------------------|
| Gross | \$1,277,000 |
| GF/GP | \$1,277,000 |

ATTORNEY GENERAL**2. Legal Services for DEGLE**

Authorizes receipt of an additional \$700,000 from the Department of Environment, Great Lakes, and Energy for investigation and enforcement regarding environmental contaminants, including perfluoroalkyl and polyfluoroalkyl substances (PFAS).

| | |
|--------------|------------------|
| Gross | \$700,000 |
| IDG | 700,000 |
| GF/GP | \$0 |

3. Legal Services for DHHS, DTMB, and MSHDA

Authorizes receipt of an additional \$170,000 from DHHS to represent child abuse cases in Wayne County; an additional \$335,000 from DTMB for various legal support services, but largely for review of IT-related contracts; and \$167,500 from MSHDA for additional legal staff.

| | |
|--------------|------------------|
| Gross | \$672,500 |
| IDG | 672,500 |
| GF/GP | \$0 |

EDUCATION**4. Child Development and Care Program – Caseload Adjustment**

Decreases CDC caseload subsidy by \$10.0 million based on consensus caseload estimates.

| | |
|--------------|-----------------------|
| Gross | (\$10,000,000) |
| Federal | (10,000,000) |
| GF/GP | \$0 |

5. Child Development and Care Program – State Matching Fund Increase

Includes \$254,200 GF/GP to meet state matching fund requirements for the CDC program. The FMAP rate was reduced from 64.78% to 64.45%. The rate reduction in federal funds necessitates an increase in state funds in order to draw down the full amount of federal revenue.

| | |
|--------------|------------|
| Gross | \$0 |
| Federal | (254,200) |
| GF/GP | \$254,200 |

HEALTH AND HUMAN SERVICES**6. Restricted Revenue – Fund Source Adjustment**

Includes \$417,400 in restricted funding to align authorization with available revenues, resulting from re-basing first year SIGMA cost allocations. Line items affected include Property Management (\$324,700), Worker's Compensation (\$40,000), and Terminal Leave Payments (\$52,700).

| | |
|--------------|------------------|
| Gross | \$417,400 |
| Restricted | 417,400 |
| GF/GP | \$0 |

7. Federal Child Support Collection Fee Increase

Includes \$956,300 GF/GP and reduces federal funding by a like amount to fund an increase in the annual federal child support collection fee. The fee was raised from \$25 to \$35 per case once \$550 is collected on behalf of the custodial parent. Currently, the state pays this fee instead of assessing it on custodial parents.

| | |
|--------------|------------|
| Gross | \$0 |
| Federal | (956,300) |
| GF/GP | \$956,300 |

8. Community Services and Outreach Administration Adjustments

Includes \$1.7 million Gross (\$60,000 GF/GP) and authorization for 1.0 additional FTE position for the Community Services and Outreach line item. The FTE position authorization would be transferred from the Michigan Community Service Commission line item.

| | |
|--------------|--------------------|
| FTE | 0.0 |
| Gross | \$1,650,500 |
| Federal | 1,275,500 |
| Restricted | 315,000 |
| GF/GP | \$60,000 |

9. Adoption Support Services Fund Shift

Includes \$100,200 GF/GP to offset a decrease of the same amount in federal Title IV-B funding.

| | |
|--------------|------------|
| Gross | \$0 |
| Federal | (100,200) |
| GF/GP | \$100,200 |

10. Adoption Incentive Payment Grant

Authorizes receipt of an additional \$4.1 million in federal grant awards for the Adoption and Legal Guardianship Incentive Payments Program.

| | |
|--------------|--------------------|
| Gross | \$4,145,500 |
| Federal | 4,145,500 |
| GF/GP | \$0 |

11. Child Welfare Institute Staffing Increase

Includes \$130,000 Gross (\$98,600 GF/GP) and authorizes 1.0 FTE position for a supervisor to oversee the six new child welfare trainers added in the FY 2018-19 budget.

| | |
|--------------|------------------|
| FTE | 1.0 |
| Gross | \$130,000 |
| Federal | 31,400 |
| GF/GP | \$98,600 |

Supplemental Recommendations for FY 2018-19 Appropriations**FY 2018-19
Recommendation**

| | | |
|--|--|---|
| 12. Kinship Navigator Authorizes receipt of an additional \$427,700 in federal funds to reflect a grant award received in September 2018 for the Kinship Navigator program. | Gross Federal GF/GP | \$427,700 427,700 \$0 |
| 13. Settlement Monitor Includes \$148,300 Gross (\$78,400 GF/GP) to cover costs of an increase in the Settlement Monitor contract. | Gross Federal GF/GP | \$148,300 69,900 \$78,400 |
| 14. Strong Families/ Safe Children Reduces federal funding authorization by \$2.6 million to reflect reduced federal grant awards in FY 2017-18. | Gross Federal GF/GP | (\$2,550,100) (2,550,100) \$0 |
| 15. Bay Pines Center and Shawono Center Replaces \$489,600 of the local county chargeback revenue appropriation with GF/GP in order to allow full use of the appropriated amounts in the facilities' budgets (\$252,300 Bay Pines; \$237,300 Shawono). The county chargeback revenue authorization in these line items is greater than the amount the counties might be required to pay. | Gross Local GF/GP | \$0 (489,600) \$489,600 |
| 16. State Supplementation Administration Includes \$125,000 GF/GP to support increased administrative costs based on a 3-year spending average and a 2.8% administrative rate increase for federal SSI. | Gross GF/GP | \$125,000 \$125,000 |
| 17. MI Rehabilitation Services – FTE Allocation Includes authorization for 29.0 FTE positions to meet newly imposed federal Workforce Innovation and Opportunity Act mandates that all persons with disabilities be served. | FTE Gross GF/GP | 29.0 \$0 \$0 |
| 18. Federal Mental Health Block Grant Authorizes an additional 1.5 FTE positions for the Federal Mental Health Block Grant. The positions would be supported with current funding. | FTE Gross GF/GP | 1.5 \$0 \$0 |
| 19. Revenue Recapture Includes \$100 in local funding for the revenue recapture program of the state psychiatric hospitals. | Gross Local GF/GP | \$100 100 \$0 |
| 20. Electronic Mobile Verification System Includes \$1.5 million Gross (\$150,000 GF/GP) for a Medicaid adult home help electronic verification program. | Gross Federal GF/GP | \$1,500,000 1,350,000 \$150,000 |
| 21. Increase Hurley GME Increases non-GF/GP Graduate Medical Education (GME) program funding by \$2.4 million for Hurley Hospital. | Gross Federal Restricted GF/GP | \$2,363,000 1,181,500 1,181,500 \$0 |
| 22. Opioid Prescribing Reflects a savings of \$2.0 million Gross (\$474,900 GF/GP) resulting from a FY 2018-19 policy change that limits dispensing of certain opioid prescriptions to seven days and reduces Morphine Equivalent Daily Dose limits in accordance with federal CDC guidelines. | Gross Federal GF/GP | (\$2,000,000) (1,525,100) (\$474,900) |
| 23. Medicare Premium Payments Buy-in Costs Includes \$8.0 million Gross (\$2.9 million GF/GP) to cover costs associated with changes to the state's Medicare buy-in policy for individuals who are dually eligible for Medicare and Medicaid. | Gross Federal GF/GP | \$8,018,400 5,167,900 \$2,850,500 |
| 24. Beaumont Psychiatric Residency Training Funding Includes a net \$0 reappropriation of Beaumont psychiatric residency training funding in order to revise current year boilerplate. (Sec. 501.) | Gross GF/GP | \$0 \$0 |
| 25. Child Welfare Caseload Adjustment Includes an increase of \$25.4 million Gross (\$16.2 million GF/GP) to revise child welfare caseload costs based on the May caseload consensus between the State Budget Office, the Senate Fiscal Agency, and the House Fiscal Agency. | Gross Federal Restricted GF/GP | \$25,361,900 7,035,400 2,142,200 \$16,184,300 |

Supplemental Recommendations for FY 2018-19 Appropriations**FY 2018-19
Recommendation**

| | | |
|--|--|--|
| 26. Public Assistance Caseload Adjustment Includes a reduction of \$4.5 million Gross (\$1.8 million GF/GP) to revise public assistance caseload costs based on the May caseload consensus between the State Budget Office, the Senate Fiscal Agency, and the House Fiscal Agency. | Gross Federal GF/GP | (\$4,475,100) (2,713,100) (\$1,762,000) |
| 27. Food Assistance Caseload Adjustment Reduces \$113.8 million Gross (\$0 GF/GP) to revise Medicaid behavioral health costs based on the May caseload consensus between the State Budget Office, the Senate Fiscal Agency, and the House Fiscal Agency. | Gross Federal GF/GP | (\$113,757,300) (113,757,300) \$0 |
| 28. Behavioral Health Caseload Adjustment Includes \$98.1 million Gross (\$9.6 million GF/GP) to revise Medicaid behavioral health costs based on the May caseload consensus between the State Budget Office, the Senate Fiscal Agency, and the House Fiscal Agency. | Gross Federal Restricted GF/GP | \$98,137,800 78,436,900 10,140,400 \$9,560,500 |
| 29. Children's Special Health Care Caseload Adjustment Includes \$6.8 million Gross (\$3.1 million GF/GP) to revise CSHCS costs based on the May caseload consensus between the State Budget Office, the Senate Fiscal Agency, and the House Fiscal Agency. | Gross Federal GF/GP | \$6,831,800 3,750,200 \$3,081,600 |
| 30. Medical Services Caseload Adjustment Includes an increase of \$425.2 million Gross (a reduction of \$65.7 million GF/GP) to revise Medicaid physical health costs based on the May caseload consensus between the State Budget Office, the Senate Fiscal Agency, and the House Fiscal Agency. | Gross Federal Restricted GF/GP | \$425,222,400 305,529,000 185,430,700 (\$65,737,300) |
| JUDICIARY | | |
| 31. Statewide e-File System Expansion Authorizes expenditure of an additional \$1.3 million of Electronic Filing Fee Fund revenue to support the continued statewide expansion of the e-file system. The revenue is available due to expanded use of the system and a corresponding increase in the amount of fees paid by users. | Gross Restricted GF/GP | \$1,250,000 1,250,000 \$0 |
| LICENSING AND REGULATORY AFFAIRS | | |
| 32. Child Care Restricted Funding Authorizes receipt of an additional \$500,000 in fee revenue anticipated to be collected from child day care centers and child day care homes for licensing and regulation pursuant to 2017 PA 258. | Gross Restricted GF/GP | \$500,000 500,000 \$0 |
| NATURAL RESOURCES | | |
| 33. Off-road Vehicle Trail Improvement Fund Revenue Increase Includes \$3.0 million from the ORV Trail Improvement Fund for capital projects across Michigan's ORV trail system. Projects include erosion mitigation, infrastructure repair, and trail maintenance (\$1.4 million); grants to maintain existing ORV facilities, develop new facilities, and restore natural resources damaged by ORV use (\$764,500); DNR law enforcement (\$716,800); Finance and Operations (\$44,300); Executive Direction (\$36,000); and Marketing and Outreach (\$13,400). | Gross Restricted GF/GP | \$3,000,000 3,000,000 \$0 |
| 34. Federal Recreational Trails Program Includes \$1.9 million in federal funding to align spending authority with available revenue. The federal program helps states develop and maintain recreational trails. There are over twenty trail projects in Michigan that would benefit from this funding. | Gross Federal GF/GP | \$1,900,000 1,900,000 \$0 |
| 35. Snowmobile Trail Improvement Fund Revenue Increase Includes \$6.0 million from the Snowmobile Trail Improvement Fund for grants to replace snowmobile trail groomers, maintain existing groomers, and support trail maintenance by local sponsors (\$3.7 million) and for capital projects across Michigan's snowmobile trail system, including erosion mitigation, infrastructure repair, and trail maintenance (\$2.3 million). | Gross Restricted GF/GP | \$6,000,000 6,000,000 \$0 |

| Supplemental Recommendations for FY 2018-19 Appropriations | | FY 2018-19 Recommendation |
|--|--|--------------------------------------|
| 36. State Parks Repair and Maintenance – Capital Outlay | | |
| Authorizes \$8.0 million of Park Improvement Fund revenue and \$500,000 of Recreation Passport Fees revenue to be used for demolition, maintenance, repair, renovation, and small-scale construction projects at various state parks and recreation areas. | | Gross \$8,500,000 |
| | | Restricted 8,500,000 |
| | | GF/GP \$0 |
| 37. Shooting Range Improvements – Capital Outlay | | |
| Authorizes \$1.7 million in federal funding for shooting range enhancement projects, focused on addressing safety and conflict, as well as improved shooting opportunities, in Allegan, Lapeer, and Marquette Counties. Funds are available from a federal excise tax on the sale of firearms and ammunition. | | Gross \$1,700,000 |
| | | Federal 1,700,000 |
| | | GF/GP \$0 |
| STATE POLICE | | |
| 38. Active Violence Response Training | | |
| Includes \$1.9 million GF/GP for the Michigan Commission on Law Enforcement Standards to develop and implement an active violence training curriculum in accordance with 2018 PA 552. Law requires existing licensed law enforcement officers and individuals seeking law enforcement officer licensure to complete active violence response training developed by MCOLES. | | Gross \$1,927,600 |
| | | GF/GP \$1,927,600 |
| TECHNOLOGY, MANAGEMENT, AND BUDGET | | |
| 39. Appropriation of Proceeds from Sale of Farnum Building | | |
| Appropriates \$4.5 million, the net proceeds of the sale of the Farnum Building, to the Enterprisewide Special Maintenance program as required by 2018 PA 207. Funding would cover a portion of the costs of relocating the Senate from the Farnum Building to the Binsfeld Building. | | Gross \$4,465,000 |
| | | GF/GP \$4,465,000 |
| TREASURY | | |
| 40. Senior Citizen Cooperative Housing Tax Exemption Reimbursement | | |
| Includes \$250,000 GF/GP to provide full funding for two new facilities that became eligible for reimbursements in FY 2018-19. Facilities are in Ingham and Saginaw Counties. | | Gross \$250,000 |
| | | GF/GP \$250,000 |
| Supplemental Boilerplate Recommendations for FY 2018-19 | | |
| AGRICULTURE AND RURAL DEVELOPMENT | | |
| Sec. 301. Industrial Hemp Research and Development | | |
| Authorizes unexpended funds appropriated for industrial hemp research and development to be considered a work project appropriation and carried forward. Funding supports implementing industrial hemp pilot research programs. Project would be accomplished by utilizing state employees or contracts with service providers, or both. Project is estimated to cost \$1.3 million, with a tentative completion date of September 30, 2023. | | |
| ATTORNEY GENERAL | | |
| Sec. 401. Legal Services for DEGLE | | |
| Authorizes unexpended funds appropriated for legal services for DEGLE to be considered a work project appropriation and carried forward. Funding supports investigation and enforcement regarding environmental contaminants, including perfluoroalkyl and polyfluoroalkyl substances (PFAS). Project would be accomplished by utilizing state employees or contracts with service providers, or both. Project is estimated to cost \$700,000, with a tentative completion date of September 30, 2023. | | |
| HEALTH AND HUMAN SERVICES | | |
| Sec. 501. Beaumont Psychiatric Residency | | |
| Allocates \$3.0 million GF/GP as a grant to Beaumont Health to create and support a new psychiatric residency training program and authorizes unexpended funds appropriated for the new psychiatric residency training program to be considered a work project appropriation and carried forward. Funding supports a psychiatric residency program operated by a nonprofit Michigan health system. Project would be accomplished by utilizing contracts with service providers. Project is estimated to cost \$3.0, million with a tentative completion date of November 30, 2019. | | |

Supplemental Boilerplate Recommendations for FY 2018-19

STATE POLICE

Sec. 601. Active Violence Response Training

Authorizes unexpended funds appropriated for active violence response training to be considered a work project appropriation and carried forward. Funding supports training law enforcement personnel on responses to active violence situations. Project would be accomplished by utilizing state employees or contracts with service providers, or both. Project is estimated to cost \$1.9 million, with a tentative completion date of September 30, 2023.

REPEALER

Enacting Section 1.

Repeals section 462 of 2018 PA 618