



APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**GENERAL GOVERNMENT
 PART 1: APPROPRIATIONS SUMMARY AND INDEX**

**2016 PA 268
 Article VIII
 FY 2016-17
 Initial**

Sec. 101. APPROPRIATION SUMMARY

1.	<u>Unclassified full-time equated (FTE) positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, a limited number of policy-making positions in departments, and some members of boards and commissions.	50.0
2.	<u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	8,709.7
3.	<u>GROSS APPROPRIATION</u> - Total appropriations	\$4,869,270,600
4.	<u>Interdepartmental grants (IDG)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	760,158,300
5.	<u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	4,109,112,300
6.	<u>Federal revenue</u> - Funding allocated to the State by the Federal government.	826,723,500
7.	<u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	12,021,000
8.	<u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	6,064,500
9.	<u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.	2,126,990,600
10.	<u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on how it is used. Approximately 52% of the general fund/general purpose (GF/GP) revenue is derived from the personal income tax. About 18% is from the Michigan Business Tax. General Fund/General Purpose revenue also comes from use tax, sales tax, insurance, cigarette, and several other taxes.	1,137,312,700
11.	<u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.	1,427,689,500

**GENERAL GOVERNMENT
PART 1: APPROPRIATIONS SUMMARY AND INDEX**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

<u>PG.</u>	<u>INDEX</u>	<u>Gross Appropriation</u>
8	Sec. 102. DEPARTMENT OF ATTORNEY GENERAL Fiscal Analyst Joe Carrasco	\$101,485,800
17	Sec. 103. DEPARTMENT OF CIVIL RIGHTS Fiscal Analyst Joe Carrasco	\$16,248,500
23	Sec. 104. EXECUTIVE OFFICE Fiscal Analyst Joe Carrasco	\$5,636,300
26	Sec. 105. LEGISLATURE Fiscal Analyst Joe Carrasco	\$141,903,600
34	Sec. 105 (7). LEGISLATIVE AUDITOR GENERAL Fiscal Analyst Joe Carrasco	\$23,651,900
37	Sec. 106. DEPARTMENT OF STATE Fiscal Analyst Joe Carrasco	\$248,015,600
48	Sec. 107. DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET Fiscal Analyst Joe Carrasco	\$1,301,191,700
71	Sec. 108. DEPARTMENT OF TREASURY Operations & Debt Service Cory Savino Revenue SharingElizabeth Pratt & David Zin	\$1,885,142,900
109	Sec. 109. DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT Fiscal Analyst Cory Savino	\$1,145,994,300

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**GENERAL SECTIONS
PART 2: BOILERPLATE DETAIL**

2016 PA 268, Article VIII

GENERAL SECTIONS OF BOILERPLATE

Section Number	Description and History
201(1)	<p><u>Total State Spending in Part 1.</u> Reports estimated total State spending of \$3,264,303,300 and estimated payments to locals of \$1,427,689,500 from appropriations made in Part 1 of the General Governmental budget in FY 2016-17.</p> <p>Background: This subsection states the total state spending from State resources contained in Part 1 of the bill. It also lists the total payment to local units of government in Part 1 by department. This is a standard boilerplate section contained in all appropriation bills pursuant to 1984 PA 431. The statutory reference is MCL 18.1367.</p>
201(2)	<p><u>Total Statewide State Spending.</u> Reports estimated total State spending and payments to locals for all appropriation acts. Statewide across all budgets, it is estimated that total State spending from State resources is \$30,991,536,400 in FY 2016-17. Statewide payments to locals are estimated at \$17,174,886,500 which is 55.4% of the total State spending from State resources.</p> <p>Background: Section 367 of 1984 PA 431 requires that one appropriation bill contain a statement of estimated State spending to be paid to local units of government, total State spending from State resources, and the State-local proportion derived from that data. Article IX, Section 30 of the Constitution requires that "The proportion of total State spending paid to all units of local government, taken as a group, shall not be reduced below that proportion in effect in fiscal year 1978-79." The minimum proportion of total State spending that must be paid to local governments is 48.97%.</p>
201(3)	<p><u>Actual State Spending Reporting.</u> Requires reporting of actual total State spending and payments to locals within 30 days of book closing.</p> <p>Background: First included in FY 1995-96. This information is also required under MCL 18.1386, which requires the State Budget Director to prepare a Monthly Financial Report.</p>
202	<p><u>Management and Budget Act.</u> States that appropriations authorized under this Act are subject to the Management and Budget Act (1984 PA 431).</p> <p>Background: This is a standard section contained in all appropriation bills. The first version of this section was contained in the FY 1981-82 General Government Appropriation Bill. The former section provided that appropriations were subject to Act 18 of 1981. Act 18 was repealed by 1984 PA 431.</p>
203	<p><u>Definitions.</u> Lists definitions of acronyms used in the General Government article.</p> <p>Background: This is a standard section contained in all appropriation bills.</p>
206	<p><u>Transparency Website.</u> Requires departments and agencies to maintain a searchable website accessible to the public at no charge that includes information on expenditures by category, by appropriation unit, and payments to vendors, active employees by job classification, and job specifications and wage rates. Requires quarterly updates.</p> <p>Background: First included in FY 2011-12. Requirement for quarterly updates added in FY 2012-13.</p>

**GENERAL SECTIONS
PART 2: BOILERPLATE DETAIL**

2016 PA 268, Article VIII

GENERAL SECTIONS OF BOILERPLATE

Section Number	Description and History
208	<p><u>Internet Reports.</u> Requires use of the Internet to fulfill reporting requirements unless otherwise specified. Reports may be distributed by electronic mail or placed on an internet or intranet site.</p> <p>Background: First included in FY 1999-2000.</p>
209	<p><u>Buy American Intent Language.</u> Prohibits use of funds for purchase of foreign goods or services if competitively priced and comparable quality American goods or services are available. Provides that preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable quality. Also includes a preference for doing business with Michigan businesses owned and operated by veterans.</p> <p>Background: A version of this section was first included in FY 1992-93. The FY 2004-05 budget added language providing a preference for Michigan products.</p>
210	<p><u>Deprived and Depressed Communities.</u> Requires department directors to take all reasonable steps necessary to ensure businesses in deprived and depressed communities compete for and perform State contracts.</p> <p>Background: A version of this section was first included in FY 1991-92.</p>
211	<p><u>Budget and Stabilization Fund (BSF).</u> Shows the calculation used to determine if a General Fund appropriation to the Countercyclical Budget and Economic Stabilization Fund is required pursuant to Section 352 of the Management and Budget Act, MCL 18.1352 and to determine the eligible amount that may be withdrawn. In FY 2016-17, there is no pay-in required to the BSF; however, language stipulates a deposit of 25% of the unassigned GF/GP closing balance as of September 30, 2017 to the BSF.</p> <p>Background: The Budget Stabilization Fund was created by Public Act 76 of 1977. A statutory formula based on growth in Michigan personal income determines the amount to be deposited or withdrawn. This calculation is shown each year in the General Government bill. The transfer is not automatic, however. Pursuant to Attorney General Opinion 5204 of 1977, any transfer to the BSF must be by specific appropriation. The calculation was revised in FY 2013-14 to show both the projected pay-in and pay-out from the BSF and to align the calculation with the requirements of the Management and Budget Act which requires three years of estimates. Language was revised in FY 2016-17 to require no deposit into the BSF and added new language requiring 25% of the unassigned GF/GP closing balance as of September 30, 2017, to be deposited into the BSF.</p> <p>The history of deposits and withdrawals to this fund is shown below:</p>

**GENERAL SECTIONS
PART 2: BOILERPLATE DETAIL**

2016 PA 268, Article VIII

GENERAL SECTIONS OF BOILERPLATE

Section Number	Description and History
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ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS, AND FUND BALANCE FY 1997-98 TO FY 2016-17 (Millions of Dollars)				
Fiscal Year	Pay-In	Interest Earned	Pay-Out	Fund Balance
1997-98	0.0	60.1	212.0	1,000.5
1998-99	244.4	51.2	73.7	1,222.5
1999-00	100.0	73.9	132.0	1,264.4
2000-01	0.0	66.7	337.0	994.2
2001-02	0.0	20.8	869.8	145.2
2002-03	0.0	1.8	147.0	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	2.0	81.3	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.1	0.0	2.1
2007-08	0.0	0.1	0.0	2.2
2008-09	0.0	0.0	0.0	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.2	0.0	365.1
2012-13	140.0	0.5	0.0	505.6
2013-14	75.0	0.4	194.8	386.2
2014-15	111.5	0.4	0.0	498.1
<u>Estimates:</u>				
2015-16	112.5	1.5	0.0	612.1
2016-17	17.5	4.6	0.0	634.2
Source: SFA, as of September 2016				

212 **Retention of Reports.** Requires departments and agencies receiving appropriations under this Act to receive and retain copies of all reports funded in the Act. Federal and State guidelines for retention of records shall be followed.

Background: First included in FY 1999-2000. This section was the result of an experience in which a specific report was not given to a Legislator.

213 **Casino Investment.** Prohibits use of funds appropriated in Part 1 from being used by a department or agency to purchase an ownership interest in a casino as defined in the Michigan Gaming Control and Revenue Act, MCL 432.201 to 432.226.

**GENERAL SECTIONS
PART 2: BOILERPLATE DETAIL**

2016 PA 268, Article VIII

GENERAL SECTIONS OF BOILERPLATE

Section Number	Description and History
	<p>Background: First included in FY 1997-98. The original intent was to prevent the State from stepping in if any of the Detroit casinos were having financial trouble. The Bureau of Investments has no direct investment in a casino. They will not purchase more than a 5% interest in a Limited Liability Partnership with a casino interest, as provided by the Michigan Gaming Control and Revenue Act. If companies are a part of the S&P 500 Index or the Midcap Index, then the Bureau of Investments will consider a purchase of stock.</p>
215	<p><u>Communications with Legislators.</u> Prohibits disciplinary action against department employees for communicating with Legislators or their staff.</p> <p>Background: This section was first included in FY 2002-03. It originated with the Senate version of the bill and now is included in other appropriation bills.</p>
216	<p><u>Out-of-State Travel Report.</u> Requires a report by January 1 annually of travel by unclassified and classified employees outside the state funded by appropriated funds. The report must include the dates of each travel occurrence, the cost, and the proportion funded with GF/GP revenue, restricted revenue, federal revenue, and other revenue.</p> <p>Background: First included in FY 2004-05 as a prohibition on out-of-state travel unless exceptions were approved by the State Budget Director and a reporting requirement. Modified in FY 2012-13 to a reporting requirement only.</p>
217	<p><u>General Fund Restrictions.</u> Language prohibits the use of General Fund appropriations where federal funds and private grant funds are available for the same purpose.</p> <p>Background: First included in FY 2016-17 to ensure that General Fund dollars are used when no other funds are available.</p>
219	<p><u>Department Scorecards.</u> Requires departments and agencies to maintain a publicly accessible website with a scorecard that identifies, tracks, and regularly updates key metrics to monitor and improve performance.</p> <p>Background: New in FY 2013-14. First proposed by the Governor.</p>
221	<p><u>Policy Change Reporting Requirement.</u> Requires each department to report by April 1 on each specific policy change made to implement enacted legislation.</p> <p>Background: First included in FY 2007-08.</p>
226	<p><u>Legal Services.</u> Prohibits the use of funds by a principal department, State agency, or authority to hire attorneys to perform duties that are the responsibility of the attorney general. The language excludes bond counsel and outside legal services authorized by the attorney general.</p> <p>Background: First included in FY 2007-08. Language modified in FY 2016-17 to change the term "activities" to outside legal services.</p>
227	<p><u>Report of Fund Balances.</u> Requires that within 14 days of the release of the executive budget recommendation, the departments and agencies should work with the State Budget Director to provide an annual report on estimated State Restricted fund balances, revenues, and spending by restricted funds for FY 2013-14 and FY 2014-15.</p> <p>Background: First included in FY 2011-12.</p>

**GENERAL SECTIONS
PART 2: BOILERPLATE DETAIL**

2016 PA 268, Article VIII

GENERAL SECTIONS OF BOILERPLATE

Section Number	Description and History
228	<p><u>General Fund Lapse Report.</u> Requires each department or agency to submit a report of estimated general fund/general purpose year-end lapses by November 30.</p> <p>Background: First included in FY 2008-09. In FY 2011-12 the report date was moved from October 15 to November 15. The report date was moved to November 30 in FY 2013-14.</p>
229	<p><u>Audit Savings.</u> Requires a department or agency to report on efforts to implement savings or efficiencies identified by an audit completed by The Office of the Auditor General. The report is due within 6 months of the release of the audit.</p> <p>Background: This section was added by the House in FY 2010-11.</p>
233	<p><u>Related Federal and State Restricted Funds for Special Maintenance.</u> Language states that in addition to the GF/GP appropriation in Part 1 for special maintenance and remodeling, related Federal and State restricted funds will be appropriated up to the amounts that will be earned based upon the initiatives undertaken with the funds in Part 1.</p> <p>Background: This language was formerly included in the DTMB portion of the budget as Sec. 822a and first included in the FY 2012-13 budget. This language was moved to the General Section of the General Government budget beginning in FY 2014-15.</p>
234	<p><u>Related Federal and State Restricted Funds for Enterprisewide IT Investments.</u> Language states that in addition to the GF/GP appropriation in Part 1 for enterprisewide information technology investments, related Federal and State restricted funds will be appropriated up to the amounts that will be earned based upon the initiatives undertaken with the funds in Part 1.</p> <p>Background: This language was formerly included in the DTMB portion of the budget as Sec. 822b and first included in the FY 2012-13 budget. This language was moved to the General Section of the General Government budget beginning in FY 2014-15.</p>
235	<p><u>Contingency plan for Federal reduction.</u> New language requires the state budget director to issue a report that includes a contingency plan recommendation for each Federal funding source that is \$10.0 million or more in the event that the Federal government reduces funding from that source by 10% or greater.</p> <p>Background: This language was added by the House in FY 2015-16 and concurred in by the Conference Committee.</p>
240	<p><u>Return on Taxpayer Investment.</u> Revised language requires a report to the Legislature for each new program or program increase of at least \$500,000. The report is due by July 1, 2017, and shall list program specific metrics. By September 30, 2018, a report on the programs or program enhancements identified for measurement using program-specific metrics and the progress made in meeting those metrics will be due to the Legislature.</p> <p>Background: First included in FY 2014-2015. Language completely revised in FY 2015-16. In FY 2016-17 section again revised to include new programs or program increases and the new report required by September 30, 2018. Also, this section was formerly included as Section 207.</p>

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**DEPARTMENT OF ATTORNEY GENERAL
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 102(1) APPROPRIATION SUMMARY

1. <u>Full-time equated (FTE) unclassified positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, a limited number of policy-making positions in departments, and some members of boards and commissions.	6.0
2. <u>Classified FTE positions</u> - All positions in classified State civil service. One FTE position equals 2,088 hours.	527.0
3. <u>GROSS APPROPRIATION</u> - Total appropriations	\$101,485,800
4. <u>Interdepartmental grants (IDG)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	28,989,700
5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	72,496,100
6. <u>Federal revenue</u> - Funding allocated to the State by the Federal government.	9,476,700
7. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	0
8. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	0
9. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.	20,178,900
10. <u>State general fund/general purpose (GF/GP)</u> - Revenue that has no constitutional or statutory restrictions on how it is used.	42,840,500
11. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.	0

**DEPARTMENT OF ATTORNEY GENERAL
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 102 (2) ATTORNEY GENERAL OPERATIONS

1. Attorney general \$112,500

The Attorney General is a constitutional officer who acts as the chief law enforcement officer of the State, and as the head of the Department of Attorney General. Public Act 232 of 1919 empowers the Attorney General to intervene in any action in any court of the State whenever such intervention is necessary to protect any right or interest of the State, or the people of the State. The Revised Statutes of 1846 provide that the Attorney General shall prosecute and defend all actions in which the State shall be interested. The Attorney General also advises and supervises local prosecuting attorneys in all matters pertaining to the duties of their offices. The salary of the Attorney General is set by the State Officers Compensation Commission under amendments to the State Constitution approved by the voters on August 6, 2002. The position of Attorney General counts as one of the department's 6.0 unclassified positions.

2. Unclassified positions \$754,000

Unclassified FTE positions 5.0

This line item funds 5.0 FTE unclassified positions. These positions consist of the Solicitor General, Director of Public Affairs, Chief Legal Counsel, Constituent Relations Representative, and Special Assistant to the Attorney General.

3. Attorney general operations \$86,400,000

Classified FTE positions 479.5

The Department of Attorney General has offices in Lansing, Detroit, and Grand Rapids.

The Department is organized into the bureaus of Criminal Justice and Consumer and Environmental Protection and divisions for the Solicitor General and Public Affairs:

Criminal Justice Bureau

- Alcohol and Gambling Enforcement Division
- Child Support Division
- Children and Youth Services Division
- Civil Rights Division
- Corrections Division
- Criminal Division
- Health Care Fraud Division

Consumer and Environmental Protection Bureau

- Corporate Oversight Division
- Environment, Natural Resources, and Agriculture Division
- Health, Education, and Family Services Division
- Finance Division
- Labor Division
- Licensing and Regulation Division

**DEPARTMENT OF ATTORNEY GENERAL
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

- Public Employment, Elections, and Tort Division
- Public Service Division
- Revenue and Collections Division
- State Operations Division
- Transportation Division

Solicitor General

- Appellate Division
- Opinions

Public Affairs

- Office of Communications
- Office of Constituent Relations
- Office of Legislative Affairs

A majority of the Department's workload is related to representing the State in legal actions. The Attorney General had approximately 40,000 cases during FY 2014-15. In FY 2014-15, the Attorney General was awarded \$392.2 million in settlements and awards payable to State departments and agencies and the citizens of Michigan. The largest component of this amount is from the tobacco settlement (\$251.6 million). During the same fiscal year, the State paid about \$34.2 million for judgments and settlements.

4. Child support enforcement \$3,503,800

Classified FTE positions 25.0

This division was established by the Attorney General in 2003. Funding for the program consists of \$2,622,100 in Federal Title IV-D funding and \$881,700 in GF/GP revenue.

5. Prosecuting attorneys coordinating council \$2,142,600

Classified FTE positions 12.0

The Prosecuting Attorneys Coordinating Council (PACC) was created as an autonomous entity within the Department of Attorney General by the Prosecuting Attorneys Coordinating Office Act (1972 PA 203). The statute provides that the Council shall keep prosecuting attorneys and assistant prosecuting attorneys of the State informed on changes in legislation, law, and matters pertaining to their office with a goal toward a uniform system of conduct, duty and procedure being established in each county of the State. The PACC provides continuing professional education for prosecutors and their staff, assists with legal research, and information technology services. In particular, the PACC operates the case tracking system that tracks and communicates arrest and conviction information among courts, law enforcement, Department of Corrections, victims, and other agencies. It also generates warrants, subpoenas, and notices, including victims' rights notices. This software is used by 79 counties.

Revenue in the Fund is generated from a \$5.00 assessment on certain civil infractions, excluding parking tickets. Under statute and the provisions of Executive Order 2001-5, funds are awarded by the Michigan Commission on Law Enforcement Standards. Sixty percent of the Fund is distributed on a per capita basis to police departments. The balance (40%) is distributed through a competitive grant process. PACC applies for a grant of all 83 county prosecutors. In FY 2014-15, this funding is appropriated as a \$162,900 IDG from the Michigan Department of State Police, Michigan Justice Fund. The funds are used for county prosecutors and their staff to attend PACC training or other approved training.

**DEPARTMENT OF ATTORNEY GENERAL
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Beginning in FY 2015-16 the funds from the Michigan Justice Fund in the Michigan State Police are not available thus additional General Fund dollars are appropriated in order for the PACC to provide all of the necessary trainings.

6.	<u>Public safety initiative</u>	\$905,800
	Classified FTE positions	1.0

This line item was added in FY 2012-13 to fund special attorneys general to assist in clearing a backlog of outstanding cases in financially distressed cities including Flint, Saginaw, Pontiac, and Detroit.

7.	<u>Sexual assault law enforcement</u>	\$1,713,500
	Classified FTE positions	5.0

This line item was added in FY 2015-16 to provide funding for the testing and prosecution of backlogged sexual assault cases across out-state Michigan. A total of \$3.0 million in one-time funding was appropriated in FY 2014-15 for the testing and prosecution of backlogged sexual assault cases in Wayne County.

Unit Gross Appropriation	\$95,532,200
Interdepartmental grant revenues	28,989,700
Federal revenues	9,476,700
Total state restricted revenues	20,178,900
State general fund/general purpose	36,886,900

Sec. 102 (3) INFORMATION TECHNOLOGY

1.	<u>Information technology services and projects</u>	\$1,553,600
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This line funds a portion of the information technology charges paid by the Department of Attorney General to the Department of Technology, Management, and Budget (DTMB). The line item was increased by \$500,000 in FY 2012-13 to reduce the amount of information technology charges absorbed by the operations line.

Executive Order 2009-55 transferred the responsibilities of the former Department of Information Technology to the newly combined DTMB. Previously, Executive Order 2001-3 centralized all technology related positions and functions and created the Department of Information Technology (DIT). Beginning in FY 2002-03, appropriation bills consolidated funding within each department for information technology services into a new appropriation unit. Seven FTE positions were initially transferred from the Department of Attorney General to DIT. In FY 2003-04 2.0 FTE additional positions were transferred to DIT from Attorney General Operations.

Unit Gross Appropriation	\$1,553,600
State general fund/general purpose.	1,553,600

**DEPARTMENT OF ATTORNEY GENERAL
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 102 (4) ONE-TIME BASIS ONLY APPROPRIATIONS

1.	<u>Prescription drug abuse enforcement</u>	\$700,000
	Classified FTE Positions	4.5
	This line item was added in FY 2016-17 to provide one-time funding and FTE positions to develop a statewide drug enforcement strategy to battle prescription drug abuse in Michigan.	
2.	<u>State defense costs</u>	\$3,000,000
	This line item was added in FY 2015-16 to provide one-time funding for legal defense costs for the Department of Health and Human Services and the Department of Environmental Quality related to the Flint water crisis.	
3.	<u>Prosecuting attorneys coordinating council juvenile life without parole cases</u>	\$700,000
	This line item was added in FY 2015-16 to provide one-time funding to the Attorney General for investigations, crime victim rights, prosecutions and appeals for retroactive juvenile life without parole cases.	
	Unit Gross Appropriation	\$4,400,000
	State general fund/general purpose.	4,400,000

**DEPARTMENT OF ATTORNEY GENERAL
PART 2: BOILERPLATE DETAIL**

2016 PA 268, Article VIII

Section Number	Description and History
301	<p><u>Contingency Fund Appropriations.</u> Provides that a limited amount of Federal, State Restricted, local, and private revenues that come in during the year, such as a new Federal grant, can be appropriated upon approval of a contingency fund transfer to a line item by the Appropriations Committees of both houses of the Legislature. Contingency fund transfers are limited to the following revenue amounts: \$1,500,000 Federal, \$1,500,000 State Restricted, \$100,000 local, and \$100,000 private.</p> <p>Background: Contingency fund language was re-inserted in FY 2007-08.</p>
302	<p><u>Attorney General Responsibilities.</u></p> <p>Section 302(1) provides that the Attorney General shall perform all legal services to principal executive departments and State agencies. Prohibits executive departments and agencies from employing or contracting with other persons for legal services.</p> <p>Background: This subsection was first included in FY 1973-74. The language has been in every subsequent annual General Government Appropriation Bill. The Executive Budget Recommendation for FY 1974-75 transferred 17 attorney positions and 13.4 support positions from other departments because the positions provided legal assistance.</p> <p>Section 302(2) requires the Attorney General to defend judges of State courts in civil actions related to the performance of the judge's duties.</p> <p>Background: This subsection was added in FY 1984-85 due to legislative concerns related to the Judiciary hiring private counsel to defend a trial court judge in Wayne County.</p> <p>Section 302(3) provides that the Attorney General shall perform all duties specified in Chapter 12 of the Revised Statutes of 1846, MCL 14.28 to 14.35, which consist of:</p> <ul style="list-style-type: none">• Prosecuting and defending all actions in the Supreme Court with a State interest. (MCL 14.28)• Intervening in any matter, civil or criminal, in which the people of the State have an interest. (MCL 14.28)• Handling all suits relating to State departments. (MCL 14.29)• Supervising and advising prosecuting attorneys and submitting reports. (MCL 14.30 & 14.31)• Giving opinions on questions of law submitted by the Legislature, Governor, Auditor General, Treasurer, or other State officials. (MCL 14.32)• Depositing lawsuit cash proceeds into a restricted fund in the State Treasury to be used as provided by law. (MCL 14.33)• Maintaining records of all proceedings in which the Attorney General participates. (MCL 14.34)• Appointing assistant attorneys general. (MCL 14.35) <p>The subsection also requires the Attorney General to carry out the duties of Public Act 232 of 1919, MCL 14.101 to 14.102, which provides for the Attorney General to intervene in any action in any court to protect the interests of the State or the people. The Attorney General can bring and prosecute any action on behalf of the State or the people in the Circuit Court of Ingham County. Finally, the subsection requires the Attorney General to perform duties otherwise provide by law.</p> <p>Background: This section has been in for many years and refers to the statutory responsibilities of the Attorney General.</p>

**DEPARTMENT OF ATTORNEY GENERAL
PART 2: BOILERPLATE DETAIL**

2016 PA 268, Article VIII

Section Number	Description and History												
303	<p><u>Biennial Reports.</u> Authorizes the sale of biennial reports in excess of the 350 copies that may be distributed on a gratis basis. Requires price to be set at not less than the actual cost and money received from the sale of reports shall be deposited in the State General Fund. The section requires that electronic copies of the report shall be available on the Attorney General's website.</p> <p>Background: Gratis copies of the biennial report are provided to the State Library, county prosecutors, State agencies, Attorney General Divisions, the Michigan Supreme Court, and the United States Supreme Court. Report revenue was \$702.00 in FY 2011-12. In FY 2003-04, the number of gratis copies was reduced from 500 to 350 and the language changed to specifically provide that the Legislature shall not receive gratis copies. The FY 2003-04 changes also required the Department to make the report available on the Internet.</p>												
304	<p><u>State Employee Worker's Disability Compensation Cases.</u> The Attorney General retains responsibility for legal representation of State of Michigan State employee worker's disability compensation cases. Specifies that the Risk Management Revolving Fund appropriation which supports this work is funded by billings for the actual cost of legal representation.</p> <p>Background: First included in FY 1995-96 due to the privatization of the State Accident Fund. The language was modified in FY 2003-04 to reflect a change in the Third Party Administrator for these cases.</p>												
305	<p><u>Third Circuit Court Food Stamp Fraud Cases.</u> Appropriates up to \$400,000, in addition to amounts appropriated in Part 1, for reimbursement for food stamp fraud cases heard by the Third Circuit Court of Wayne County, which were initiated by the Attorney General.</p> <p>Background: This section was first included in FY 1997-98 due to Court Reorganization legislation enacted in 1996. The reimbursement of Federal funds to Wayne County was previously included in the Judiciary Budget pursuant to a contract between the Family Independence Agency, the Prosecuting Attorneys Association of Michigan, and the Department of Attorney General. No reimbursement payments have been made to Wayne County since 2008 and none are anticipated because the AG is currently handling cases in-house.</p>												
306	<p><u>Tobacco Litigation.</u> Provides that any proceeds from a lawsuit or settlement agreement initiated by the State against a manufacturer of tobacco products are State funds and subject to the appropriations process.</p> <p>Background: This section was first included in FY 1997-98.</p>												
307	<p><u>Revenue from Enforcement Cases.</u> Appropriates up to \$250,000 in enforcement revenue or attorney fees recovered from antitrust, securities fraud, consumer protection, or class action enforcement to cover the costs of those cases. Permits up to \$250,000 of this revenue to carryforward.</p> <p>Background: This section was added by a supplemental, Public Act 360 of 2004, and included in subsequent State budgets. It had been vetoed previously from the annual budget for FY 2004-05 (Public Act 327 of 2004) with a carryforward amount of \$1,000,000. Recent revenue carried forward is as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td style="padding-right: 40px;">FY 2009-10</td> <td style="padding-right: 40px;">\$45,000</td> <td style="padding-right: 40px;">FY 2012-13</td> <td>\$0</td> </tr> <tr> <td>FY 2010-11</td> <td>\$0</td> <td>FY 2013-14</td> <td>\$250,000</td> </tr> <tr> <td>FY 2011-12</td> <td>\$0</td> <td>FY 2014-15</td> <td>\$250,000</td> </tr> </tbody> </table>	FY 2009-10	\$45,000	FY 2012-13	\$0	FY 2010-11	\$0	FY 2013-14	\$250,000	FY 2011-12	\$0	FY 2014-15	\$250,000
FY 2009-10	\$45,000	FY 2012-13	\$0										
FY 2010-11	\$0	FY 2013-14	\$250,000										
FY 2011-12	\$0	FY 2014-15	\$250,000										

**DEPARTMENT OF ATTORNEY GENERAL
PART 2: BOILERPLATE DETAIL**

2016 PA 268, Article VIII

Section Number	Description and History
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308 **Litigation Expense Reimbursement.** Appropriates up to \$1.0 million from litigation expense reimbursements awarded to the State. Provides that funds may be used to pay litigation settlements or attorney fees assessed against the Office of the Governor, the Department of Attorney General, the Governor or the Attorney General when acting in an official capacity as the named party in litigation against the State. The funds may also be expended for State costs incurred pursuant to MCL 770.16 (DNA testing). Allows up to \$1.0 million in unexpended funds to be carried forward.

Background: This section was first included in a supplemental appropriation bill for FY 2001-02 (2002 PA 530). The Department was absorbing costs related to litigation adversely resolved against the State. Therefore, this language was included to earmark a portion of the costs received by the State for litigation decided in the State's favor to cover these costs. Reimbursements pursuant to this section in recent years are as follows:

FY 2009-10	\$199,000	FY 2012-13	\$66,000
FY 2010-11	\$116,000	FY 2013-14	\$500,000
FY 2011-12	\$65,000	FY 2014-15	\$474,600

The section was modified in FY 2013-14 to remove the prohibition against using the revenue for salaries and support costs. The carry-forward amount was increased from \$500,000 to \$1.0 million beginning in FY 2016-17.

309 **Prisoner Reimbursement Funds.** Authorizes the AG to spend up to \$625,200 on activities related to the State Correctional Facilities Reimbursement Act, 1935 PA 253, MCL 800.401-800.406. Provides that if the Department of Attorney General collects in excess of \$1,131,000, the excess, limited up to \$1,000,000, may be spent on the representation of the Department of Corrections and its officers, employees and agents in defense of litigation or civil actions filed by prisoners.

Background: This section was first included in FY 2003-04. The increased authorization for restricted funding offset a General Fund reduction of \$800,000. This section was modified by two FY 2003-04 supplemental appropriation bills (2003 PA 173 and 2003 PA 237), and the FY 2004-05 appropriation bill. Carry forward authorization included by the Legislature in FY 2004-05 and FY 2005-06 was vetoed by the Governor in both years. In FY 2011-12 the Attorney General recovered \$2,891,000 from prisoner reimbursement cases. In FY 2013-14 the limit on spending was increased from \$497,900 to \$614,400. In FY 2015-16 the limit on spending was decreased from \$614,400 to \$611,900. In FY 2016-17 the limit on spending was increased from \$611,900 to \$625,200.

310 **Child Support Funding.** Requires the Department of Human Services to maintain a cooperative agreement with the Attorney General for Federal IV-D funding to support the child support enforcement activities of the Attorney General. The section provides that the Attorney General shall have access (to the extent allowable by Federal law) to any information used by the State to locate parents who fail to pay child support.

Background: First included in FY 2003-04 consistent with the creation of the Child Support Enforcement Division within the Department of Attorney General.

312 **Spending Prohibition.** Prohibits the use of funds in addition to those appropriated in Part 1 for providing legal services to State departments or agencies. Includes exceptions for costs of expert witnesses, court costs, or non-salary costs of litigation.

Background: This section was added in FY 2007-08.

**DEPARTMENT OF ATTORNEY GENERAL
PART 2: BOILERPLATE DETAIL**

2016 PA 268, Article VIII

Section Number	Description and History
313	<p>Mortgage Fraud Investigations. States that from the funds appropriated in Part 1 for Attorney General Operations, the Department must allocate \$600,000 for the investigation and prosecution of mortgage fraud.</p> <p>Background: This section was added in FY 2016-17 to ensure that funding is provided for the ongoing costs associated with the continuing efforts to investigate mortgage fraud from the housing crisis of 2008.</p>
314	<p>Lawsuit Proceeds for Drinking Water Contamination. Allows the Department to use up to \$2.6 million of lawsuit settlement proceeds to pay for costs and associated expenses related to the declaration of emergency due to drinking water contamination.</p> <p>Background: This section was added in FY 2016-17 as a result of increased litigation costs for the Department of Attorney General related to the Flint water crisis.</p>
314a	<p>Juvenile Life without Parole. Senate: States that the \$700,000 appropriated in part 1 is to be used for investigations, crime victim rights, prosecutions and appeals for retroactive juvenile life without parole cases. Also requires a report to be submitted by September 30.</p> <p>Background: This section was added in FY 2016-17 due to the January 2016 U.S. Supreme Court Ruling that made an earlier ruling from 2012 retroactive. The 2012 ruling made mandatory life sentences for juveniles unconstitutional. The 2016 ruling requires that persons in Michigan sentenced to mandatory life without parole prior to the 2012 ruling must now have their cases reviewed and given the opportunity to argue for parole or be resentenced.</p>
315	<p>Legacy Costs. This language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimate of the amount of pension-related legacy costs. For FY 2016-17 pension-related legacy costs are estimated at \$10,096,700 and retiree health care legacy costs are estimated at \$8,264,300.</p> <p>Background: This section was added in FY 2014-15.</p>
316	<p>Sexual Assault Law Enforcement Efforts. New language requires the Department to use the funds appropriated in Part 1 for testing of backlogged sexual assault kits across the State. The priority for the use of these funds through this initiative are as follows: (1) to eliminate backlogs outside Wayne County; (2) to assist local prosecutors with investigations and prosecutions; and (3) to provide victim assistance. The language also requires the Department of Attorney General to provide a detailed work and spending plan outlining anticipated litigation action and expenditures resulting from findings of the testing of sexual assault kits. A work and spending plan along with an expenditure report is due to the Legislature and the State Budget Office by January 30.</p> <p>Background: This section was added in FY 2015-16. This section was modified in FY 2016-17 to include the required report.</p>
317	<p>Flint Expenditure Report. Requires the Department to submit a semi-annual report to the Legislature providing a detailed accounting of all funds spent related to the Flint Water Crisis. The report also shall include a listing of any investigations and resulting prosecutions and requires all materials related to all of those investigations to be preserved at an academic institution or other facility.</p> <p>Background: This section was added in FY 2016-17 as a result of the Flint water crisis to give the legislature a tool to monitor the Department of Attorney General's expenditures related to the crisis.</p>

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**DEPARTMENT OF CIVIL RIGHTS
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 103 (1) APPROPRIATION SUMMARY

1. <u>Full-time equated (FTE) unclassified positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, and a limited number of policy-making positions in departments.	6.0
2. <u>FTE classified positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	129.0
3. <u>GROSS APPROPRIATION</u> - Total appropriations	\$16,248,500
4. <u>Interdepartmental grants (IDG)</u> - Funds that also are appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	293,600
5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	15,954,900
6. <u>Federal revenue</u> - Funding allocated to the State by the Federal government.	2,763,000
7. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	0
8. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	18,700
9. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.	151,900
10. <u>State general fund/general purpose (GF/GP)</u> - Revenue that has no constitutional or statutory restrictions on how it is used.	13,021,300
11. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.	0

**DEPARTMENT OF CIVIL RIGHTS
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 103 (2) CIVIL RIGHTS OPERATIONS

- | | |
|----------------------------------|-----------|
| 1. <u>Unclassified positions</u> | \$660,300 |
| Unclassified FTE positions | 6.0 |

The positions funded in this line are the Director of the Department and the Director of the Women's Commission. Only salaries are funded through this line. Fringe benefits for these positions are included in the Operations line item. The line was increased by \$17,700 in FY 2014-15. In FY 2012-13, as part of the leadership target agreement on the budget, the line was increased by \$432,900 to \$700,000 and the position authority was increased from 5.0 to 6.0.

For the decade prior to FY 2012-13, this line only had sufficient funding for 2.0 out of the 5.0 authorized positions. Executive Order 2001-9 reduced this line item in FY 2001-02. The line item was unchanged from FY 2002-03 to FY 2008-09. An increase of \$2,400 was made in FY 2009-10.

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|-----------------------------------|--------------|
| 2. <u>Civil rights operations</u> | \$13,831,700 |
| Classified FTE positions | 121.0 |

This line supports all operations of the Department. Article V, Section 29 of the Michigan Constitution of 1963 charges the Civil Rights Commission with investigating "alleged discrimination against any person because of religion, race, color, national origin in the enjoyment of the civil rights guaranteed by law and by this constitution, and to secure the equal protection of such civil rights without such discrimination." The Department has offices in Lansing, Detroit, Flint, Grand Rapids, and Marquette (one person). Offices in Saginaw and Kalamazoo were closed in June 2009 and the office in Benton Harbor was closed in 2005. The Department carries out its duties with the following divisions:

- a. Office of Civil Rights Operations. The office houses the Intake Unit and the Enforcement Division which is responsible for investigations of alleged unlawful discrimination in employment, education, housing, public accommodation, law enforcement, and public service. The Department investigates dually filed (with both the State and the EEOC) cases on contract for the Federal government and State cases that are not dually filed. The Michigan Department of Civil Rights (MDCR) serves as a Fair Housing Assistance Program, investigating cases for the U.S. Department of Housing and Urban Development. The State receives a grant of up to \$2,600 for each housing case that is investigated and resolved. The maximum payment is received for cases resolved within 100 days. The State is paid based on the actual number of cases completed. The State is also a Fair Employment Practices Agency, investigating cases on a contract with the Federal Equal Employment Opportunity Commission (EEOC). The EEOC provides the State with funding at the rate of \$650 for each EEOC case that is closed. The number of cases paid is set in a contract which can be modified through a State-petition process. The office also provides education and referrals to other organizations.

**DEPARTMENT OF CIVIL RIGHTS
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

The Michigan Department of Civil Rights Annual Report shows the following data:

Fiscal Year	Complaints Opened	Complaints Closed	Est. Settlements & Salaries to Claimants (in millions)
2006-07	2,642	2,294	\$2.3
2007-08	2,845	2,637	2.5
2008-09	2,745	2,503	3.1
2009-10	2,516	2,657	3.2
2010-11	2,169	2,335	2.3
2011-12	2,022	2,817	2.4
2012-13	2,196	2,224	1.6
2013-14	1,910	2,187	1.5
2014-15	1,987	2,151	\$880,500

- b. Office of Law and Policy. The functions of this office include Legal Affairs and Hearings and Mediation. Legal staff review policies and legislation, provide advice and education, prepare charges, and conduct litigation when necessary.
- c. Office of Public Affairs and Administrative Services. This office consists of Community Relations, Public Affairs/Communication, Business and Community Affairs (including the Contractor Review Unit), Management Services, and the Michigan Indian Tuition Waiver. These divisions are engaged in training, community liaison relationships, (for example, with law enforcement), and developing and providing responses to communities with hate crime or bias-related events. This unit focuses on building relationships with community agencies and organizing coalitions. Potential partners include federal, state, and local law enforcement, community and faith-based agencies, colleges, youth groups, and other human and civil rights groups. The Community Relations Division activates these coalitions for outreach services and for responding to specific incidents. The Contract Compliance unit reviews State contractors for compliance with anti-discrimination laws and policies. For contracts over \$100,000, State contractors must obtain a Certificate of Awardability from the Department. The Office of Management Services tracks cases and facilitates department operations. Beginning in 2011, the Department of Civil Rights administered the application process for the Michigan Indian Tuition Waiver which provides free tuition to eligible Native Americans pursuant to PA 174 of 1976.
- d. Michigan Women’s Commission. The Michigan Women’s Commission was established in Public Act 1 of 1968. It was transferred to the Department of Civil Rights by Executive Order 1991-21. This Commission has 15 members appointed by the Governor and four ex officio members from other State departments. The Women’s Commission is directed to review the status of women in the State, promote their interests, and help develop resources related to education and services.

**DEPARTMENT OF CIVIL RIGHTS
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

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| 3. | <u>Division on deaf and hard of hearing</u> | \$798,600 |
| | Unclassified FTE positions | 6.0 |

This line item was renamed in FY 2012-13 to reflect the work funded by the line. This includes the testing, certification, and registration of interpreters for the hearing impaired. The division also advocates on issues for the deaf and hard of hearing, investigates complaints, and maintains a registry of service animals.

Executive Order 2011-4 transferred Division on Deaf and Hard of Hearing, which at the time was within the Commission on Disability Concerns, from the Department of Licensing and Regulatory Affairs to the Department of Civil Rights. This line was added to the department's budget for FY 2011-12. Executive Order 2012-10 transferred the responsibilities of the Commission on Disability Concerns to the Department of Civil Rights and abolished the Commission on Disability Concerns.

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| 4. | <u>Hispanic/Latino commission of Michigan</u> | \$0 |
| | Unclassified FTE positions | 0.0 |

The Commission on Spanish-Speaking Affairs was established by PA 164 of 1975 and renamed the Hispanic/Latino Commission of Michigan by PA 146 of 2010. The mission of the Commission is to "...promote the interest of Hispanics in Michigan, increasing opportunities in education, business and all other aspects of public life." The 15 members of the Commission are appointed by the Governor with the advice and consent of the Senate. The Commission was transferred to the Department by Executive Order 2011-4. The Commission was transferred out of the Department of Civil Rights to the Department of Licensing and Regulatory Affairs by Executive Order 2016-3.

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| 5. | <u>Asian Pacific American affairs commission</u> | \$0 |
| | Unclassified FTE positions | 0.0 |

This line item is new for FY 2012-13. The Asian Pacific American Affairs Commission was created by PA 536 of 2008, however, FY 2012-13 is the first year of State funding. The mission of the Asian Pacific American Affairs Commission is to "...advance the full and equal participation of Asian Pacific Americans in the building of a greater Michigan." Executive Reorganization Order 2009-16 revised the Commission. It provides for 21 members appointed by the Governor subject to disapproval by the Senate. The Commission was transferred to the Department by Executive order 2011-4. The Commission was transferred out of the Department of Civil Rights to the Department of Licensing and Regulatory Affairs by Executive Order 2016-3.

Unit Gross Appropriation	\$15,290,600
Interdepartmental grant revenues	293,600
Federal revenue	2,748,000
Private	18,700
State restricted	151,900
State general fund/general purpose	12,078,400

**DEPARTMENT OF CIVIL RIGHTS
PART 1: LINE ITEM DETAIL**

**2016 PA 268
FY 2016-17
Enacted**

Sec. 103 (3) INFORMATION TECHNOLOGY

1. Information technology services and projects \$707,900

Executive Order 2001-3 created the Department of Information Technology (DIT) which is now in the Department of Technology, Management, and Budget. In FY 2002-03, 5.0 FTEs were transferred to the new department from the Department of Civil Rights. The funding is appropriated in the originating department and received in DTMB as an interdepartmental grant from user charges.

Unit Gross Appropriation **\$707,900**

Federal 15,000

State general fund/general purpose 692,900

Sec. 103 (4) ONE-TIME BASIS ONLY APPROPRIATIONS

1. Division on deaf and hard of hearing \$250,000

Classified FTE positions 2.0

This line item was added in FY 2016-17 to provide one-time funding and FTE positions to increase services to deaf and hard of hearing citizens across the State.

Unit Gross Appropriation **\$250,000**

State general fund/general purpose. 250,000

**DEPARTMENT OF CIVIL RIGHTS
PART 2: BOILERPLATE DETAIL**

2015 PA 84, Article VIII

Section Number	Description and History
401	<p><u>Contingency Funds.</u> Provides for the appropriation of up to \$2.0 million in Federal revenues and up to \$750,000 in private revenues received during the year upon approval by the Appropriations Committees of both Houses of the Legislature through the Legislative transfer process.</p> <p>Background: Authorization for private contingency funds was added in FY 2011-12 because the department was seeking private foundation support for initiatives related to hate crime response and prevention. The FY 2012-13 budget increased the private contingency fund authority from \$500,000 to \$750,000.</p>
402	<p><u>Receipt and Expenditure of Additional Funds.</u> Provides that the Department may receive and expend funds from local or private sources in addition to appropriations in Part 1 for training, sale of publications, mediation processes, providing copies, for workshops and award programs, and for staffing costs related to services provided to local governments and the public. Requires annual report on receipts and expenditures.</p> <p>Background: Revenue received pursuant to this section recently averaged approximately \$40,000 per year. Authority to use revenue for staffing costs was new in FY 2011-12.</p>
403	<p><u>Local Government Contracts.</u> Allows the Department to contract with local governments to review equal opportunity compliance of potential contractors. May charge for and expend funds received for this purpose.</p> <p>Background: The Contract Compliance Unit reviews contractors seeking to be awarded contracts with the State for equal opportunity compliance. This section permits the Department to extend this service to local units of government.</p>
404	<p><u>Departmental Report.</u> Requires the Department to prepare and submit by November 30 a detailed report that includes at least the following items for the previous fiscal year: (a) detailed description of Department operations; (b) a detailed description of the subunits in the departments, the positions in each subunit, responsibilities by subunit, and revenues and expenditures by subunit; (c) the number of complaints by type; (d) the average cost and time spent investigating complaints; (e) the percentage of complaints that merit investigation or settlement and the percentage of complaints found to have no merit; (f) a listing of amounts awarded to claimants; (g) spending on complaint investigation and enforcement; (h) a list of complaint investigations closed per FTE position for the past 5 years; (i) a list of complaint evaluations completed per FTE position for the past 5 years; and (j) productivity projections.</p> <p>Background: This section was added in FY 2013-14. Items i and j were added in FY 2014-15.</p>
405	<p><u>Notification Prior to Submitting Federal Reports or Complaints.</u> Requires the Department to notify the Office of the State Budget, the Senate and House of Representatives appropriations committees, and the fiscal agencies prior to submitting a report or complaint to the U.S. Commission on Civil Rights or other federal department.</p>
410	<p><u>Legacy Costs.</u> This language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimate of the amount of pension-related legacy costs. For FY 2016-17 pension-related legacy costs are estimated at \$1,697,800 and retiree health care legacy costs are estimated at \$1,364,200.</p> <p>Background: This section was added in FY 2014-15.</p>

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**EXECUTIVE OFFICE
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 104 (1) APPROPRIATION SUMMARY

1.	<u>Full-time equated (FTE) exempted positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, a limited number of policy-making positions in departments, members of boards and commissions, employees of State institutions of higher education, employees of the Judiciary, and employees of the Legislature.	10.0
2.	<u>Classified FTE positions</u> - All positions in classified State civil service. One FTE position equals 2,088 hours.	74.2
3.	<u>GROSS APPROPRIATION</u> - Total appropriations	\$5,636,300
4.	<u>Interdepartmental grants (IDG)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	0
5.	<u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	5,636,300
6.	<u>Federal revenue</u> - Funding allocated to the State by the Federal government.	0
7.	<u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	0
8.	<u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	0
9.	<u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.	0
10.	<u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on how it is used. Approximately 90% of the general fund/general purpose (GF/GP) revenue is derived from the income, single business, insurance, sales, and use taxes.	5,636,300
11.	<u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.	0

**EXECUTIVE OFFICE
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 104 (2) EXECUTIVE OFFICE OPERATIONS

1.	<u>Governor</u>	\$159,300
	This line item funds the salary of the Governor, which is determined by the State Officers Compensation Commission subject to the approval of the Legislature pursuant to Article IV, Section 12 of the Michigan Constitution.	
2.	<u>Lieutenant governor</u>	\$111,600
	This line item funds the salary of the Lieutenant Governor, which is determined by the State Officers Compensation Commission subject to the approval of the Legislature pursuant to Article IV, Section 12 of the Michigan Constitution.	
3.	<u>Executive office</u>	\$4,108,100
	Classified FTE positions	74.2
	This line item supports the Office of the Governor and the Lieutenant Governor. It also includes funding for the expense allowances determined by SOCC, fringe benefit costs, and other position related costs. The structure of the Office of the Governor includes the following: Office of the Lieutenant Governor; Legal; Cabinet Affairs and Management; Administration, which includes Operations, Appointments, and Constituent Services; External Affairs, which includes Scheduling, Governor's Upper Peninsula Office, and Governor's Southeastern Michigan Office; Communications and Planning; and Strategic Initiatives, which includes Legislative Affairs and Governor's Washington, DC office. Funding of \$385,000 and an additional 4.0 FTEs were added in FY 2014-15.	
4.	<u>Unclassified Positions</u>	\$1,257,300
	Unclassified FTE positions	8.0
	Article XI, Section 5, of the Michigan Constitution exempts eight positions in the Office of the Governor from the classified civil service. The position titles and job responsibilities of those positions are determined by the Governor.	
	Unit Gross Appropriation	\$5,636,300
	State general fund/general purpose	5,636,300

**EXECUTIVE
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII**

Section Number	Description and History
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None	
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APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

LEGISLATURE PART 1: LINE ITEM DETAIL

2016 PA 268
Article VIII
FY 2016-17
Initial

Sec. 105 (1) APPROPRIATION SUMMARY

<p>1. <u>Full-time equated (FTE) exempted positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, a limited number of policy-making positions in departments, members of boards and commissions, employees of State institutions of higher education, employees of the Judiciary, and employees of the Legislature.</p>	N/A
<p>2. <u>Classified FTE positions</u> - All positions in classified State civil service. One FTE position equals 2,088 hours.</p>	N/A
<p>3. <u>GROSS APPROPRIATION</u> - Total appropriations</p>	\$141,903,600
<p>4. <u>Interdepartmental grants (IDG)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.</p>	0
<p>5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.</p>	141,903,600
<p>6. <u>Federal revenue</u> - Funding allocated to the State by the Federal government.</p>	0
<p>7. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs.</p>	0
<p>8. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.</p>	400,000
<p>9. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.</p>	4,275,800
<p>10. <u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on how it is used. Approximately 90% of the general fund/general purpose (GF/GP) revenue is derived from the income, single business, insurance, sales, and use taxes.</p>	137,227,800
<p>11. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.</p>	0

**LEGISLATURE
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 105 (2) LEGISLATURE

1.	<u>Senate</u>	\$34,523,700
	This line item funds Senate central staff, partisan staff, the Office of the Secretary of the Senate, Senators' compensation, and Senate office budgets.	
2.	<u>Senate automated data processing</u>	\$2,500,000
	This line provides funding for Senate information technology costs in the Senate Information Systems (SIS) Office.	
3.	<u>Senate fiscal agency</u>	\$3,779,600
	The Senate Fiscal Agency (SFA) is a nonpartisan legislative agency created to provide the Michigan Senate with assistance in two principal ways: providing staff support to the Senate Appropriations Committee and assisting all members of the Senate on State budget-related issues; and providing analysis of all proposed legislation being considered by the Senate.	
4.	<u>House of representatives</u>	\$53,095,900
	This line item funds House central staff, partisan staff, the Clerk of the House, Representatives' compensation, and office budgets for Representatives.	
5.	<u>House automated data processing</u>	\$2,200,000
	This line provides funding for House information technology costs.	
6.	<u>House fiscal agency</u>	\$3,779,600
	The House Fiscal Agency (HFA) is a nonpartisan agency that provides assistance to the House Appropriations Committee and to other members of the Michigan House of Representatives regarding state fiscal matters. In addition to budget-related issues, the agency also provides members of the House with projections of the Michigan economy and estimates of state revenues and expenditures. The agency also provides fiscal analysis of proposed legislation.	
	Unit Gross Appropriation	\$99,878,800
	State general fund/general purpose	99,878,800

**LEGISLATURE
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 105 (3) LEGISLATIVE COUNCIL

1.	<u>Legislative Council</u>	\$11,981,200
	<p>Article IV, Section 15, of the Michigan Constitution provides for a bi-partisan Legislative Council. The Council is responsible for bill drafting, research, and other services for members of the legislature. The Constitution also provides that the Council shall periodically examine and recommend to the legislature revision of the various laws of the State. Public Act 268 of 1986 (The Legislative Council Act) implements Article IV, Section 15. The Legislative Council line item in the appropriation bill funds the Legislative Service Bureau, the Michigan Law Revision Commission, the Joint Committee on Administrative Rules, production of the Michigan Manual, Capitol Tour Guides, the Legislative Council Administrator, publication of Public Acts, and the Legislative Internet Technology Division.</p>	
2.	<u>Legislative service bureau automated data processing</u>	\$1,426,600
	<p>This line item funds the operation of the Council's computer system and other information technology costs.</p>	
4.	<u>Worker's compensation</u>	\$151,400
	<p>This line item funds worker's compensation costs for all legislative employees.</p>	
5.	<u>National association dues</u>	\$454,700
	<p>This line item funds dues as allocated by the Legislative Council. Prior to FY 2003-04, boilerplate language allocated funding to the National Conference of State Legislatures, the Council of State Governments, the National Commission on Uniform State Laws, and the National Commission of Insurance Legislators. Beginning in FY 2011-12 the allocation of funds is determined by the Legislative Council.</p>	
6.	<u>Legislative Corrections Ombudsman</u>	\$729,200
	<p>The Michigan Legislature established the Office of Legislative Corrections Ombudsman within the Legislative Council in 1975 following several prison riots throughout the country. This nonpartisan agency was established to investigate issues affecting the Michigan Department of Corrections (MDOC), prisoners and Corrections staff. Statute grants the Ombudsman authority to investigate administrative actions of the Michigan Department of Corrections that are alleged to be contrary to law or Department policy.</p>	
7.	<u>Michigan veterans facility ombudsman</u>	\$150,000
	<p>The Michigan Legislature established the Office of Michigan Veterans Facility Ombudsman within the Legislative Council in 2016 following a Legislative Audit Report released in February 2016. Statute grants the Ombudsman authority to investigate complaints made at the veterans homes in Grand Rapids and Marquette.</p>	
	Unit Gross Appropriation	\$14,893,100
	Private revenue	400,000
	State general fund/general purpose	14,493,100

**LEGISLATURE
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 105 (4) LEGISLATIVE RETIREMENT SYSTEM

1.	<u>General nonretirement expenses</u>	\$4,962,800
	<p>This appropriation funds the retirement costs for members of the Defined Benefit Plan, which was closed to new members after March 30, 1997. The funding also funds health care costs for retired legislators and certain deferred vested members.</p>	
	Unit Gross Appropriation	\$4,962,800
	State restricted revenue	1,154,600
	State general fund/general purpose	3,808,200

Sec. 105 (5) PROPERTY MANAGEMENT

1.	<u>Cora Anderson building</u>	\$11,426,700
	<p>This appropriation funds the purchase and annual operations costs of the House Office Building.</p>	
2.	<u>Farnum building and other properties</u>	\$2,851,800
	<p>This appropriation funds property management costs for Senate owned properties.</p>	
	Unit Gross Appropriation	\$14,278,500
	State general fund/general purpose	14,278,500

Sec. 105 (6) STATE CAPITOL HISTORIC SITE

1.	<u>General operations</u>	\$4,269,200
	<p>This line item was formerly named the Capitol Building and was moved to this new unit and renamed beginning in FY 2014-15. This line item funds legislative facilities staff who are responsible for the maintenance, operation, and repair of the Capitol and grounds, except areas under the control of the House or Senate.</p>	
2.	Restoration, renewal and maintenance	3,121,200
	<p>Public Act 240 of 2013 established the Michigan State Capitol Historic Site which created the Michigan State Capitol Commission. The Commission's role is to operate and manage the State Capitol Historic Site, maintain and restore the Capitol building, establish, maintain, and operate parking facilities in the State Capitol area, and perform other duties.</p>	
	Unit Gross Appropriation	\$7,390,400
	State restricted revenue	3,121,200
	State general fund/general purpose	4,269,200

LEGISLATURE PART 1: LINE ITEM DETAIL

2016 PA 268
Article VIII
FY 2016-17
Initial

Sec. 105 (8) ONE-TIME BASIS ONLY APPROPRIATIONS

1.	<u>Criminal justice policy commission study</u>	\$500,000
	<p>This line item was added in FY 2016-17 to provide one-time funding to conduct a study to determine what the additional estimated annual costs to counties will be if 17-year-olds are redirected from the adult court and correctional systems into the family court and juvenile justice systems. The study also shall determine the estimated savings to the state corrections system, as well as any other financial or policy costs and benefits, from such a redirection.</p>	
	Unit Gross Appropriation	\$500,000
	State general fund/general purpose.	\$500,000

LEGISLATURE
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII

Section Number	Description and History
600	<p><u>Expenditure Authorization.</u> Authorizes Legislature to receive, expend and transfer funds in addition to amounts authorized in Part 1.</p> <p>Background: This section has been included for over twenty years and allows the Legislature to receive and expend funds in addition to appropriations in Part 1.</p>
601	<p><u>Expenditures and Transfers.</u> Transfer and expenditure approval process for the Legislature.</p> <p>Background: This section was first included in FY 1991-92. This language is similar to language contained in Section 442 of the Management and Budget Act (1984 PA 431).</p>
602	<p><u>Farnum Building.</u> Provides that the Senate may charge rent and assess utility costs and appropriates funds for renovation, operation, and maintenance of the Farnum Building and other Senate properties.</p> <p>Background: This section is used to partially fund costs associated with renovation and maintenance of the Farnum Building.</p>
603	<p><u>National Association Dues.</u> Provides that the appropriation in Part 1 for national association dues shall be distributed by the Legislative Council.</p> <p>Background: This section previously allocated funding for national association dues to the National Conference of State Legislatures (NCSL), Council of State Governments (CSG), National Council of Insurance Legislators (NCIL), and National Conference of Commissioners on Uniform State Laws (NCCUSL). Budget reductions in FY 2003-04 resulted in the language being modified to provide that the Legislative Council will distribute funding for national association dues with no specific amount for an individual organization being listed in the boilerplate. In FY 2008-09 language was added stating that from the appropriation, \$51,000 was to be paid to the NCCUSL. In FY 2010-11, the language was modified to state that NCCUSL would only be paid if funds are available. In FY 2011-12 the language was again modified to delete language regarding the NCCUSL and now states that the dues shall be distributed by the Legislative Council. In FY 2016-17 the language was again modified to require that the first \$34,800 be paid to the NCCUSL.</p>
604	<p><u>Legislative Parking Facilities.</u> Provides for operation of Legislative parking facilities by the Michigan State Capitol Historic Site. Authorizes the Michigan State Capitol Commission to collect fees for use of parking facilities. Provides that revenue received from parking fees shall be allocated by the Commission.</p> <p>Background: Similar authorization is included in Section 205 of the Legislative Council Act (1986 PA 268). Beginning in FY 2014-15, the reference was changed from the Legislative Council to the Michigan State Capitol Historic Site and the Michigan State Capitol Commission to comply with the requirements established in PA 240 of 2013 that established the Michigan State Capitol Historic Site.</p>
605	<p><u>Michigan Manual.</u> Designates as work project appropriation for the Michigan Manual as a work project.</p> <p>Background: \$3,700 was carried forward from previous fiscal years into FY 2014-15 for publication of the Michigan Manual.</p>

LEGISLATURE
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII

Section Number	Description and History
606	<p><u>Property Management.</u> Designates property management appropriation for the Legislature as a work project. Includes estimated costs and tentative completion date.</p> <p>Background: Amounts carried forward into FY 2003-04 pursuant to this section included: State Capitol Building Facilities, \$375,000; and Farnum Building, \$1,691,653. In FY 2004-05 this language was modified by specifying that funds will be used to purchase equipment and services for building maintenance and including an estimated cost and completion date. In FY 2006-07, language that allowed previous funds to be appropriated for property management to be carried forward as a work project was removed. The estimated cost of the work project is set at \$500,000 and the tentative completion date is September 30, 2020. In FY 2016-17 the work project amount was raised to \$2.0 million with the completion date remaining as September 30, 2020.</p>
607	<p><u>Legislative Automated Data Processing.</u> Designates appropriations for automated data processing as work project appropriations. Includes estimated costs and tentative completion date.</p> <p>Background: First included in FY 2004-05. Language specifies that funds will be used to purchase equipment, software, and services in order to support and implement data processing and technology improvements. In FY 2006-07, language that allowed previous funds to be appropriated for automated data processing to be carried forward as a work project was removed. The estimated cost of the work project is set at \$500,000 and the tentative completion date is September 30, 2020. In FY 2016-17 the work project amount was raised to \$2.0 million with the completion date remaining as September 30, 2020.</p>
608	<p><u>Save the Flags Fund.</u> Allows the Michigan Capitol Committee to receive contributions and bequests for the Save the Flags Fund, and provides for carry forward.</p>
610	<p><u>Criminal Justice Policy Commission Study.</u> Language states that \$500,000 included in part 1 shall be used for a study to determine what the additional estimated annual costs to counties would be if 17-year-olds were redirected from the adult court and correctional systems into the family court and juvenile justice systems. The study shall also determine the estimated savings to the state corrections system, as well as any other financial or policy costs and benefits, from such a redirection. Provides that funds are work project appropriations with an anticipated completion date of April 1, 2018.</p> <p>Background: This section was added in FY 2016-17.</p>
615	<p><u>Legacy Costs.</u> This language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimate of the amount of pension-related legacy costs. For FY 2016-17 pension-related legacy costs are estimated at \$11,998,700 and retiree health care legacy costs are estimated at \$9,280,900.</p> <p>Background: This section was added in FY 2014-15.</p>
618	<p><u>Legislative Retirement System.</u> This section provides Intent language that would transfer all administrative functions and associated funding for the Michigan Legislative Retirement System to DTMB by the end of FY 2015-16.</p> <p>Background: This section was added in FY 2014-15.</p>

LEGISLATURE
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII

Section Number	Description and History
619	<p data-bbox="347 409 1471 527">Michigan Veterans Facility Ombudsman. Language requires that \$150,000 included in part 1 for the Michigan Veterans Facility Ombudsman to be used to create a Veterans Facility Ombudsman to address complaints made at the veterans homes in Grand Rapids and Marquette.</p> <p data-bbox="347 550 1471 640">Background: This section was added in FY 2016-17 as the result of a Legislative Audit Report released in February 2016. The report (# 511-0170-15) found that the provision of member care services at the Grand Rapids Home for Veterans was insufficient.</p>

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**LEGISLATIVE AUDITOR GENERAL
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 105 (7) APPROPRIATION SUMMARY

1. <u>Unclassified full-time equated (FTE) positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, a limited number of policy-making positions in departments, members of boards and commissions, employees of State institutions of higher education, employees of the Judiciary, and employees of the Legislature.	N/A
2. <u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	N/A
3. <u>GROSS APPROPRIATION</u> - Total appropriations	\$23,651,900
4. <u>Interdepartmental grants (IDG)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	5,558,600
5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	18,093,300
6. <u>Federal revenue</u> - Funding allocated to the State by the Federal government.	0
7. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	0
8. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	0
9. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.	1,969,400
10. <u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on how it is used. Approximately 90% of the general fund/general purpose (GF/GP) revenue is derived from the income, single business, insurance, sales, and use taxes.	16,123,900
11. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.	0

**LEGISLATIVE AUDITOR GENERAL
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 106 (2) OFFICE OF THE AUDITOR GENERAL

1. Unclassified positions \$329,400

Article IV, Section 53 of the Michigan Constitution provides that the Legislature, by a majority vote in each house, appoints the Auditor General for a term of eight years. The Auditor General conducts post financial and performance audits of State government operations.

This line item funds the positions of the Auditor General and the Deputy Auditor General. The State Constitution allows for up to three positions to be funded, but currently and for the last several years, only these two positions have been filled.

2. Field operations \$23,322,500

This line item funds the remainder of the functions of the Office of the Auditor General. The majority of the staff is comprised of auditors housed in the Bureau of Audit Operations. Other personnel in this office support the audit work performed by the office including the offices of information technology, administration, and professional practice.

The role and constitutional responsibility of the Auditor General is to perform financial post audits and performance post audits of State programs. These audits provide a mechanism for the Legislature to obtain objective feedback on the operation of programs and the use of funds that are delegated to the executive branch of government.

Unit Gross Appropriation	\$23,651,900
Interdepartmental grants	5,558,600
State restricted revenue	1,969,400
State general fund/general purpose	16,123,900

**LEGISLATIVE AUDITOR GENERAL
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII**

Section Number	Description and History
620	<p><u>Judicial Branch Audits.</u> Provides that the Auditor General shall audit the judicial branch.</p> <p>Background: This section was first included in FY 1993-94. A corresponding section was included in boilerplate for the Judiciary, requiring cooperation with the Auditor General regarding audits required by the Michigan Constitution.</p>
621	<p><u>Contract Audits.</u> Requires the Auditor General to take reasonable steps to insure that certified minority, women, and firms owned and operated by persons with disabilities, participate in contract audits. Includes annual reporting requirement to the State Budget Director, and the House and Senate General Government Subcommittees.</p> <p>Background: This section was first included in FY 1991-92. It previously required Legislative oversight prior to finalizing contracts.</p>
622	<p><u>Auditor General-Unclassified Salaries.</u> Provides that the salary of Auditor General and the 2.0 FTE other unclassified positions in the Legislative Auditor General's office shall be set by the Speaker of the House, the Senate Majority Leader, the House Minority Leader, and the Senate Minority Leader.</p> <p>Background: This section was first included for FY 2001-02 due to roll-up of the appropriation for the Legislative Auditor General's office within the Legislative budget. It previously specified the salary amounts for the unclassified positions in the Office of the Auditor General. Language was amended in FY 2003-04 to the current version of the language.</p>
623	<p><u>Legislative Audit Requests.</u> Provides that any audits, reviews, or investigations requested of the Auditor General by the Legislature or by legislative leadership, legislative committees, or individual legislators should include an estimate of the additional costs involved and, when such costs exceed \$50,000, should provide supplemental funding. The Auditor General will determine whether to perform such activities in keeping with Audit Directive No. 29, which describes the Legislative Auditor General's office policy on responding to legislative requests.</p> <p>Background: This section was first included in FY 2002-03 due to concerns regarding increasing audit requests from legislators and limited funding resources for the Auditor General.</p>

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**DEPARTMENT OF STATE
PART 1: LINE ITEM DETAIL**
**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 106 (1) APPROPRIATION SUMMARY

1. <u>Unclassified full-time equated (FTE) positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, a limited number of policy-making positions in departments, members of boards and commissions, employees of State institutions of higher education, employees of the Judiciary, and employees of the Legislature.	6.0
2. <u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	1,587.0
3. <u>GROSS APPROPRIATION</u> - Total appropriations	\$248,015,600
4. <u>Interdepartmental grants</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	20,000,000
5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	228,015,600
6. <u>Federal revenue</u> - Funding allocated to the State by the Federal government.	1,460,000
7. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	0
8. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	100
9. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.	204,445,900
10. <u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on how it is used. Approximately 90% of the general fund/general purpose (GF/GP) revenue is derived from the income, single business, insurance, sales, and use taxes.	22,109,600
11. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.	1,211,300

Sec. 106 (2) EXECUTIVE DIRECTION

1. <u>Secretary of state</u>	\$112,500
Unclassified FTE positions	1.0

The salary of the Secretary of State is set by the State Officers Compensation Commission due to amendments to the State Constitution approved by the voters

**DEPARTMENT OF STATE
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

on August 6, 2002. This line contains only the salary of the Secretary of State, costs for fringe benefits are included in the Executive Direction - Operations line item.

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| 2. | <u>Unclassified positions</u> | \$628,800 |
| | Unclassified FTE positions | 5.0 |

The positions funded through this line include: the Director of External Affairs, the Director of Constituent Relations, the Director of Public Affairs, and two liaisons in the Southeast Michigan Office. This line funds salaries only.

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| 3. | <u>Operations</u> | \$4,567,200 |
| | Classified FTE positions | 30.0 |

This line supports the executive staff of the Department of State, including the Office of Government Affairs, the Office of Communications, and the Executive Offices in Lansing, Southeast Michigan, and Grand Rapids. Fringe benefit costs for unclassified employees are also funded through this line.

Unit Gross Appropriation	\$5,308,500
State restricted revenue	3,729,000
State general fund/general purpose	1,579,500

Sec.106 (3) DEPARTMENT SERVICES

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|----|--------------------------|--------------|
| 1. | <u>Operations</u> | \$25,315,100 |
| | Classified FTE positions | 117.0 |

This line supports components of department operations, including Department Services Administration, the Bureau of Administrative Services, the Bureau of Business Integration, and the Bureau of Organizational Services and the Bureau of Information Security. This Bureau includes the Internal Security Division and the Investigations Division. It also serves as the State's liaison to the National Crime Information Center for reporting auto-related crimes.

In FY 2016-17 funding (\$4.7 million) and FTEs (39.0) for legal services were transferred to the Legal Services unit.

Unit Gross Appropriation	\$25,315,100
State restricted revenue	24,732,700
State general fund/general purpose	582,400

Sec. 106 (4) LEGAL SERVICES

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|----|--------------------------|--------------|
| 1. | <u>Operations</u> | \$14,501,500 |
| | Classified FTE positions | 83.0 |

This line funds the Administrative Hearings section of the Department. The program conducts hearings for drivers who are aggrieved by final decisions of the Department to restrict, suspend, revoke or place other terms and conditions on a license. Petitioners may appeal actions imposed by the agency, implied consent suspensions, or sanctions imposed as a function of law. The largest appeal population includes habitual alcohol offenders. These hearings are due process hearings required by law. Administrative staff also assist in the defense of appeals

**DEPARTMENT OF STATE
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

to circuit courts seeking to overturn restrictions, suspensions, or revocations taken by Department field analysts and appeal hearing officers. Each year the Department schedules approximately 14,000 hearings and processes approximately 1,700 driver license restoration appeals to circuit court. In FY 2016-17 funding of \$4.7 million and 39.0 FTEs related to legal services were transferred from the Department Services unit along with \$5.2 million and 5.0 FTEs from the Customer Delivery Services unit.

Unit Gross Appropriation	\$14,501,500
State restricted revenue	14,017,200
State general fund/general purpose	484,300

Sec. 106 (5) CUSTOMER DELIVERY SERVICES

1. <u>Branch operations</u>	\$85,709,100
Classified FTE positions	922.0

The most visible function of the Department of State is the operation of branch offices. Branch offices statewide provide vehicle title and registration, driver assessment, and voter registration services. The Department is making more services available through alternative methods, including mail, fax, telephone, and the Internet. Of the customer transactions processed by the Department in FY 2013-14, 74.0% were handled in branch offices, 11.0% were received in the mail, 12.0% were received via the Internet, and 3.0% of transactions were handled via kiosks located throughout the State.

2. <u>Central operations</u>	\$50,115,300
Classified FTE positions	388.0

This line supports a number of record-keeping activities of the Department including processing requests for driver and vehicle records, maintaining records of financing statements, responsibilities pursuant to the Uniform Commercial Code, the administration of branch operations, administration of the central records program, and customer transactions that are not performed by the branch offices. The line also contains the Bureau of Regulator Services which includes the Driver Assessment and Appeal Division, the Business Licensing and Regulation Division, and the Program Operations Division. The Bureau of Regulatory Services enforces the Motor Vehicle Service and Repair Act, which regulates the auto repair industry. The Act established reporting requirements for auto body shops, provided for facility inspections by State inspectors, and instituted a record keeping system for salvage vehicle parts and major repairs. The Act also provides for penalties for violations of the statute.

The line item was created in FY 2005-06 and reorganized in FY 2011-12 to reflect the organizational structure of the Department.

In FY 2016-17 funding (\$1.2 million) and FTEs (5.0) for legal services were transferred to the Legal Services unit. Additionally, \$1.9 million and 14.0 FTEs were transferred in from the Commemorative Licenses Plates line item along with \$750,000 and 3.0 FTES from the Specialty License Plates line item.

**DEPARTMENT OF STATE
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

3.	<u>Commemorative license plates</u>	\$0
	Classified FTE positions	0.0
	<p>The commemorative license plate is the Great Lakes Splendor or “bridge plate”, which has a picture of the Mackinac Bridge and the sun. A \$5 service fee is required to purchase this plate. A savings may be realized by the State when a driver purchases a commemorative license plate instead of using the State-provided white and blue plate.</p> <p>In FY 2016-17 all funding and FTEs for this line item were transferred to the Central Operations line item within this unit (see above).</p>	
4.	<u>Credit and debit assessment service fees</u>	\$6,000,000
	<p>This item was formerly funded through boilerplate language. Beginning with the FY 2010-11 budget, this fee became a line item funded by the fees charged by branch offices to persons using credit or debit cards to pay for their transactions. The fees charged to customers are then used to pay the fees charged to the State by banks and credit card companies for the use of these cards.</p>	
5.	<u>Specialty license plates</u>	\$0
	Classified FTE positions	0.0
	<p>The initial fee for a Specialty or University License Plate is \$35, in addition to the annual registration fee. Of the \$35 fee, \$10 is for administrative costs and the remaining \$25 is a donation to the sponsoring cause. For renewals, a \$10 donation to the sponsoring cause is required in addition to the annual registration fee.</p> <p>The specialty license plates are fundraising license plates to raise money for Michigan's 15 state-supported universities, and eight causes: agricultural heritage, Boy Scouts of America, children, Donate Life, lighthouses, veterans, water quality, and wildlife habitat, and a patriotic plate which benefits the American Red Cross and the Salvation Army.</p> <p>In FY 2016-17 all funding and FTEs for this line item were transferred to the Central Operations line item within this unit (see above).</p>	
6.	<u>Organ donor program</u>	\$129,100
	<p>Language section 812 specifies that this funding is to be used to produce a pamphlet regarding organ donations. The publication is distributed with driver license and personal identification cards. The funds may be used also for printing and for postage costs for a reply form included in the pamphlet. In FY 2013-14 nearly 400,000 names were added to the State's organ donor registry bringing the total to 1.8 million registrants.</p>	

**DEPARTMENT OF STATE
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

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| 7. | <u>Motorcycle Safety Education Administration</u> | \$335,500 |
| | Classified FTE positions | 2.0 |

Section 257.811a of the Michigan Vehicle Code requires the Department of State to establish and administer Michigan’s Motorcycle Safety Education Program. This line item funds the administrative costs of the Program including third party testing. The Program provides grants to local units of government that provide training to riders that are required by law to complete a motorcycle safety course to be eligible to receive a motorcycle endorsement on their driver’s license.

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| 8. | <u>Motorcycle Safety Education Grants</u> | \$1,800,000 |
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This program was previously funded in the Department of Education. Public Act 103 of 2003 amended the Michigan Vehicle Code to transfer the responsibility for the establishment and administration of the Motorcycle Safety Program from the State Board of Education to the Secretary of State. The Program allocates grants to colleges or universities, intermediate school districts, law enforcement agencies, or other governmental agencies that provide motorcycle safety courses pursuant to MCL 257.811a. Entities that receive grants under the Motorcycle Safety Program may not charge applicants more than a \$25 course fee. Private providers of safety courses are not subject to the \$25 limit.

Unit Gross Appropriation	\$144,089,000
Interdepartmental grants	20,000,000
Federal revenue	1,460,000
Private revenue	100
State restricted revenue	119,221,700
State general fund/general purpose	3,407,200

Sec. 106 (6) ELECTION REGULATION

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|----|---|-------------|
| 1. | <u>Election administration and services</u> | \$7,169,100 |
| | Classified FTE positions | 45.0 |

The Bureau of Election carries out the responsibilities of the Secretary of State as the election official of the State. The Bureau administers and enforces Michigan’s election statutes, including the Michigan Election Law and the Campaign Finance Act. The Board of State Canvassers is housed within this Bureau. This bureau also houses the Office of the Great Seal. This office maintains the sole official Seal of the State of Michigan. Responsibilities include accepting certain documents for filing from local and State governmental agencies and certifying their authenticity, commissioning notaries public, and issuing certificates of authority and apostilles (certificates of notarization authenticity) for documents going to other countries.

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|----|---|-----------|
| 2. | <u>County clerk education and training fund</u> | \$100,000 |
|----|---|-----------|

Section 17 of Public Act 238 of 2003 authorizes the Department of State to award grants for the purpose of providing education and training programs for county clerks and their staffs including, but not limited to, notary responsibilities, election worker training, and election processes.

**DEPARTMENT OF STATE
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

3. Fees to local units \$109,800

County clerks receive 16 cents from the State for each voter registration application they receive and then forward it to a city or township clerk in the jurisdiction where an applicant resides. Distributions from this line are greater in years of a general or federal election, since more people register to vote for those elections.

Unit Gross Appropriation	\$7,378,900
State restricted revenue	443,500
State general fund/general purpose	6,935,400

Sec. 106 (7) DEPARTMENTWIDE APPROPRIATIONS

1. Building occupancy charges/rent \$9,792,000

This line supports the building occupancy and rent costs for the Department. Facilities occupied by the Department include branch offices statewide, executive office space in the Capital area and Detroit, record storage at the Secondary Complex, and other office space in the General Office Building.

2. Workers' compensation \$254,400

This line support workers' compensation costs incurred by the Department.

Unit Gross Appropriation	\$10,046,400
State restricted revenue	7,513,700
State general fund/general purpose	2,532,700

Sec. 106 (8) INFORMATION TECHNOLOGY

1. Information technology services and projects \$36,376,200

Executive Order 2001-3 created the new Department of Information Technology (DIT). 101.0 FTEs were transferred to the new department from the Department of State. Executive Order 2009-55 combined DIT with the Department of Management and Budget to form the now Department of Technology, Management, and Budget (DTMB). The funding is appropriated in the originating department and received in DTMB as an interdepartmental grant from user charges.

Most of the funding in this line was previously included in a data processing line item in the Department Services unit. The information technology activities of the Department included the maintenance of all driver, vehicle, registration, title, and election records, as well as, all data processing and system support functions. The Department conducts electronic transmittal of data to a number of governmental agencies, including the Commercial Driver Licensing Network and the Federal Selective Service. Inquiries and record look ups are requested of the Department by law enforcement officers, local units of government, insurance companies, banking and credit institutions, and other State departments and agencies.

DEPARTMENT OF STATE PART 1: LINE ITEM DETAIL

2016 PA 268
Article VIII
FY 2016-17
Initial

In FY 2016-17 the Look-Up fee was increased from \$8 per record requested to \$11 per record requested. This resulted in an estimated \$14.1 million in additional restricted revenue for FY 2016-17.

Unit Gross Appropriation	\$36,376,200
State restricted revenue	34,788,100
State general fund/general purpose	1,588,100

Sec. 106 (9) ONE-TIME BASIS ONLY APPROPRIATIONS

1. <u>Election administration and services</u>	\$5,000,000
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This line item was added in FY 2016-17 to provide one-time funding for the purchase of new voting equipment across all local jurisdictions. Replacement of all voting equipment is expected to be complete by the 2018 general election with a total estimated cost of \$55.0 to \$60.0 million. The department has in reserve \$25 million in Federal funds remaining from the original Help America Vote Act funding from 2006-2009 that can be used for this purpose. Additionally, the Legislature has so far appropriated a total of \$10.0 million in funding (including this one-time \$5.0 million) leaving approximately \$20.0 to \$25.0 million additional funding needed for the replacements.

Unit Gross Appropriation	\$5,000,000
State general fund/general purpose.	\$5,000,000

**DEPARTMENT OF STATE
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII**

Section Number	Description and History
701	<p><u>Contingency Fund Appropriations.</u> Provides that a limited amount of Federal, State Restricted, local, and private revenues that come in during the year, such as a new Federal grant, can be appropriated upon approval of a contingency fund transfer to a line item by the Appropriations Committees of both houses of the Legislature. Contingency fund transfers are limited to the following revenue amounts: \$2,000,000 Federal, \$7,500,000 State Restricted, \$50,000 local, and \$100,000 private.</p> <p>Background: Contingency fund language was re-inserted in FY 2007-08.</p>
703	<p><u>Commercial Look-Up Fee.</u> Authorizes the sale of certain records for \$11.00 per record sold as limited by the Michigan Vehicle Code. Revenue received is credited to the Transportation Administration Collection Fund.</p> <p>Background: MCL 257.208b(1) requires the Legislature to set the lookup fee annually, which is done in this section. It generates approximately \$35.0 million annually, of which \$800,000 is due to list sales. The fee was increased from \$6.55 to \$7.00 in FY 2003-04 and from \$7.00 to \$8.00 in FY 2013-14 . Prior to FY 2005-06, revenue remaining at the end of the fiscal year lapsed to the State General Fund. In FY 2016-17 the fee was increased from \$8.00 to \$11.00 per record requested with an estimated increase in revenue totaling \$14.1 million for FY 2016-17.</p>
704	<p><u>Manufacture of License Plates.</u> Authorizes the Secretary of State to enter into agreements with the Department of Corrections for the manufacture of license plates 15 months before registration year.</p> <p>Background: Processing and manufacturing license plates requires a period of time longer than one fiscal year. The State cannot usually obligate resources from future fiscal year appropriations. This section allows the Department to wait until the next fiscal year to commit the funds and pay the contract.</p>
705	<p><u>Departmental Publications.</u> (1) Authorizes the Department of State to accept gifts, donations, contributions and grants for the purpose of underwriting costs of the departmental publication authorized by the Motor Vehicle Code. Allows private or public funding sources to receive recognition in the publication and provide traffic safety messages in the publication. (2) The Department may sell and accept advertising for placement in the publication. (3) Provides for deposit in the Department's publication fund. Appropriates funds upon receipt and (4) provides for carry forward. (5) Requires annual report regarding receipts and expenditures. (6) The Department may provide free copies and may sell publications or manuals with the receipts credited to the Publications Fund.</p> <p>Background: This section was included in the mid 1990's in an effort to offset some of the Department's substantial printing costs by raising private funds. It allows the Department to collect and expend funds that are not included in line items.</p>
707	<p><u>Motor Vehicle Code.</u> Appropriates funds for the publication of the Motor Vehicle Code. Provides for expenditure of funds when received. Funds shall not lapse to the General Fund.</p> <p>Background: Revenue from this section depends on how frequently the Department publishes and sells copies of the Vehicle Code. Approximately \$100,000 in revenue is generated in the years this publication is made available.</p>

**DEPARTMENT OF STATE
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII**

Section Number	Description and History
708	<p><u>Traffic Accident Records Program.</u> Requires the Department of State to use available balances at the end of the fiscal year to pay \$332,000 to the Department of State Police for the traffic accident records program.</p> <p>Background: The Department of State is billed by the State Police for reimbursement related to this program. The payment was increased in FY 2008-09 from \$331,400 to \$332,000.</p>
709	<p><u>Cash Shortages.</u> Authorizes the Department to restrict funds from miscellaneous revenue to cover cash shortages created from normal branch office operations. Maximum of \$50,000 of miscellaneous revenue.</p> <p>Background: The Department records approximately \$30,000 per year in cash shortages. The Department is trying to move more services away from the branches and towards the Internet, mail, telephone or self-service stations similar to a cash register-type system for processing at a branch terminal.</p>
710	<p><u>Commemorative/Specialty Plates.</u> Provides for and limits expenditures from commemorative and specialty license plate fee revenue to administration of the program. Funds not used for program administration remain in the Transportation Administration Collection Fund.</p> <p>Background: Revenue to cover administrative costs is generated from a service charge for the plate transaction. The Transportation Administration Collection Fund was created by 2003 PA 152. The Fund consists of service fees formerly deposited in the Michigan Transportation Fund. Commemorative and replacement plates generated \$2.9 million in FY 2014-15.</p>
711	<p><u>Collector and Fundraising Plates.</u> Provides for distribution of revenue from the fundraising plates to the sponsoring university, or the sponsoring public or private agency</p> <p>Background: This section allows the Department to collect and distribute the donations made to the respective university or agency plate programs.</p>
712	<p><u>Automotive Repair Facilities Training Video.</u> Provides that Department of State may produce and sell a training video designed to inform registered automotive repair facilities of their obligations under Michigan law. Revenue received from the sale of the video is deposited in the Auto Repair Facility Fee Account.</p> <p>Background: This section provides the authority to collect revenue from the sale of the training video. The Department has moved to a DVD format. The Department costs are \$4.00 per DVD. It provides one free copy to all newly licensed facilities and has no revenue from sales of the DVD. Approximately 1,100 DVD's are distributed each year.</p>
713	<p><u>Organ Donor Public Information Program.</u> Provides that the Department of State may develop and administer a public information campaign concerning the Michigan Organ Donor Program. Authorizes solicitation of private or public funds for the program. Provides for carry forward of funds. Provides for the production of an informational pamphlet and return postage costs for the organ donor program. Authorizes the Department to receive and expend funds from the Organ and Tissue Donation Education Fund in addition to amounts appropriated in Part 1.</p> <p>Background: This section allows the Department to solicit private funds for the public information campaign to partially offset the cost of the campaign. The Department creates the Michigan donor list for the Gift of Life organization. The pamphlets are included in mailings regarding driver license and personal identification card renewals.</p>

**DEPARTMENT OF STATE
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII**

Section Number	Description and History
714	<p><u>Branch Office Closings.</u> Requires at least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or at least 60 days prior to relocations, that the department of state inform members of the senate and house of representatives standing committees on appropriations and legislators who represent affected areas regarding the details of the proposal. The information provided shall be in written form and include all analysis done regarding criteria for changes in the location of branch offices, including but not limited to branch transactions, revenue, and the impact on citizens of the affected area. The notice shall also include detailed estimates of costs and savings that will result from the overall changes made to the branch office structure. Also includes costs for new leased facilities and expansions or current leased space. However, if the consolidation of a branch office is with another branch office located within the same local unit of government or if the relocation of a branch office is within the same local unit of government, then the notification described above is not required.</p> <p>Background: This section was first included in FY 2002-03. Three branch offices were closed in FY 2001-02 in order to meet appropriation reductions. The language was added in reaction to these closings. The section originally required the Department to consult with the Senate and House General Government Appropriation Subcommittees regarding the closing or consolidation of any branch offices. The language was modified in FY 2004-05 as a result of the Department of State's April 26, 2004, Branch Optimization Plan. In FY 2013-14, language was added regarding the consolidation or relocation of branch offices within the same local units of government.</p>
715	<p><u>Credit Card Service Assessments.</u> Provides that any service assessment collected by the Department of State from the user of a credit or debit card is appropriated to the Department of State for expenses related to that service. Limits charge by the Department of State to not more than the costs billable to the Department for service assessments. Provides for carry forward of funds.</p> <p>Background: This section was first included in an FY 2002-03 Supplemental Appropriation Bill (2003 PA 39). Language amended in FY 2010-11 by deleting the automatic appropriation language since it is now a line item in the bill.</p>
716b	<p><u>Business Application Modernization Project Report.</u> Requires a report of the total funds expended for the business application modernization project, start dates, costs, and penalties paid to the state by the contract provider.</p> <p>Background: First included in FY 2010-11. All funding for the project ended with the FY 2009-10 budget year due to the end of the funding cycle. This report is being required to ensure proper expenditure of remaining work project funds.</p>
717	<p><u>Gifts and Donations.</u> Allows the Department to accept non-monetary gifts, donations or contributions from private or public sources to support licensing, regulatory, or safety departmental functions.</p> <p>Background: First included in FY 2007-08. Language was added to ensure that any gifts or donations made to the Secretary of State are restricted for use to fund legitimate departmental functions.</p>

**DEPARTMENT OF STATE
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII**

Section Number	Description and History
718	<p><u>Buena Vista Branch Office.</u> Requires the department to maintain a full service branch office in Buena Vista Township.</p> <p>Background: First included in FY 2007-08. Language was added as a result of the Secretary of State's closing of several branch offices in 2007 to ensure that a branch office remains open in Buena Vista Township.</p>
721	<p><u>ATM Commission Fees.</u> Allows the Department to collect a commission fee from companies providing ATM machines in branch offices. The fees received shall be deposited in the TACF.</p> <p>Background: First included in FY 2010-11.</p>
722	<p><u>Legacy System Replacements.</u> Requires the Department to modernize and expand its entire computer system and remove existing programs from the legacy mainframes. A spending plan report also is due to the Legislature, the fiscal agencies, and the State Budget Office by January 1.</p> <p>Background: First included in FY 2016-17 to ensure the upgrade of the system and a new mainframe system.</p>
723	<p><u>Voting Machine Replacements.</u> Language directs the Department to use the additional funding added in Part 1 for replacement of voting equipment across local jurisdictions.</p> <p>Background: First included in FY 2016-17 to ensure the \$5.0 million appropriated as one-time funding is used to replace voting equipment.</p>
725	<p><u>Legacy Costs.</u> This language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimate of the amount of pension-related legacy costs. For FY 2016-17 pension-related legacy costs are estimated at \$17,673,400 and retiree health care legacy costs are estimated at \$14,200,700.</p> <p>Background: This section was added in FY 2014-15.</p>

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**
**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 107 (1) APPROPRIATION SUMMARY

<p>1. <u>Unclassified full-time equated (FTE) positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, a limited number of policy-making positions in departments, members of boards and commissions, employees of State institutions of higher education, employees of the Judiciary, and employees of the Legislature.</p>	6.0
<p>2. <u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.</p>	2,877.0
<p>3. <u>GROSS APPROPRIATION</u> - Total appropriations</p>	\$1,301,191,700
<p>4. <u>Interdepartmental grants (IDG)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.</p>	694,054,100
<p>5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.</p>	607,137,600
<p>6. <u>Federal revenue</u> - Funding allocated to the State by the Federal government.</p>	4,958,200
<p>7. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs.</p>	2,320,000
<p>8. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.</p>	0
<p>9. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.</p>	114,340,800
<p>10. <u>State general fund/general purpose</u> – Revenue that has no constitutional or statutory restrictions on how it is used. Approximately 90% of the general fund/general purpose (GF/GP) revenue is derived from the income, single business, insurance, sales, and use taxes.</p>	485,518,600
<p>11. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.</p>	0

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 107 (2) EXECUTIVE DIRECTION

The authority of the Department of Management and Budget is provided in the Management and Budget Act, Public Act 431 of 1984, MCL 18.1101 to 18.1594. With the popular names of "Act 431" and the "DMB Act", it details the responsibilities of the Department and also establishes budgeting, finance, and administrative procedures for the State.

1. Unclassified positions \$1,001,400

Unclassified FTE positions 6.0

The positions funded through this line include the Director of the Department, the State Budget Director, the State Employer, the Director of Communications, and the Legislative Liaison. This line funds salaries only.

2. Executive operations \$2,376,000

Classified FTE positions 12.0

Functions of this division include strategic planning, program and policy direction, communications, and internal audit.

Unit Gross Appropriation \$3,377,400

Interdepartmental grants 2,324,100

State restricted revenue 289,200

State general fund/general purpose 764,100

Sec. 107 (3) DEPARTMENT SERVICES

1. Administrative services \$15,974,800

Classified FTE positions 123.5

This line item funds financial services (accounting, reporting projections, year-end statements, audit, etc.), organizational services, and national association dues.

2. Budget and financial management \$23,073,200

Classified FTE positions 160.0

Funding supports the State Budget Office, the Office of Financial Management, and the Local Government Claims Review Board.

3. Office of the state employer \$3,417,300

Classified FTE positions 23.0

This office is responsible for central labor relations including employee relation matters, collective bargaining, and representation of State management before the Civil Service Commission and Employment Relations Board.

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

4.	<u>Design and construction services</u>	\$6,477,000
	Classified FTE positions	40.0
	This division administers the State capital outlay program including major construction, special maintenance, survey and evaluation of current and future sites, inspects State facilities, prepares bidding documents, recommends awards, and provides oversight during construction projects.	
5.	<u>Business support services</u>	\$11,469,600
	Classified FTE positions	97.0
	This line item supports acquisition services, real estate, ID mail services, and the State Building Authority (SBA). The administrative functions of the SBA were transferred to Treasury in FY 2014-15. New funding of \$825,000 and 6.0 FTE positions were added for a Procurement Improvement Plan for FY 2015-16.	
6.	<u>Building operation services</u>	\$92,416,200
	Classified FTE positions	210.0
	Funding supports the operation of State facilities and coordination of all building services.	
7.	<u>Building occupancy charges, rent, and utilities</u>	\$7,494,200
	This line item funds DTMB costs associated with rent, building maintenance costs, and utilities.	
8.	<u>Motor vehicle fleet</u>	\$74,260,100
	Classified FTE positions	35.0
	This appropriation reflects costs associated with the State motor vehicle fleet. Prior to FY 2003-04 the cost of this function was only reflected in individual budgets as motor transport costs. The operation of the Motor Vehicle Fleet as an off-budget revolving fund is authorized in Public Act 431 of 1984.	
9.	<u>Information technology services and projects</u>	\$32,630,500
	Executive Order 2001-3 created the new Department of Information Technology (DIT). 84.0 FTEs were initially transferred to the new department from the Department of Management and Budget. Executive Order 2009-55 combined DIT with the Department of Management and Budget to form the now Department of Technology, Management, and Budget (DTMB). The funding is appropriated in the originating department and received in DTMB as an interdepartmental grant from user charges.	
	A majority of the funding in this unit is associated with the Michigan Administrative Information Network (MAIN), Human Resources Management Network (HRMN), and the Data Collection and Distribution System (DCDS). MAIN, which is comprised of R*STARS, ADPICS, and MIDB is the State's enterprise-wide accounting and financial management system. HRMN is the State's enterprise-wide human resources, benefits, and payroll system. DCDS is the State's enterprise-wide time and attendance and labor cost distribution system.	

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

10. Bureau of labor market information and strategies \$5,475,100

Classified FTE positions 42.0

The Bureau of Labor Market and Information Strategies funds two offices that provide labor market information, economic and workforce research and analysis, and program measurement data and services. The offices function as the central information and research support group for numerous state government agencies.

1. The Office of Labor Market Information

The Office of Labor Market Information (OLMI) is responsible for the development and maintenance of the workforce information system in Michigan. OLMI produces all of the official labor market information for the state and its regions, and is responsible for providing labor market analysis, products, and services to business, workforce and economic development, education, and other key customers.

2. The Office of Strategic Initiatives

The Office of Strategic Initiatives is responsible for conducting research and analysis to guide policy and program development for workforce activities, and responding to information requests from Michigan's workforce boards, MEDC, the Governor's office, and the community leaders and economic developers.

Unit Gross Appropriation	\$272,688,000
Interdepartmental grants	186,818,500
Federal revenue	4,958,200
Local revenue	96,700
State restricted revenue	38,418,600
State general fund/general purpose	42,396,000

Sec. 107 (4) TECHNOLOGY SERVICES

Executive Order 2001-3 created the Department of Information Technology (DIT) effective on October 14, 2001. Unlike other State departments, a majority of DIT employees remain physically located within other departments. Several of the Department's core administrative functions, including human resource services, services performed by the internal auditor, and part of financial services, are provided under contract by the Department of Management and Budget (DMB). DIT is charged with the goal of achieving the use of common technology across the executive branch, including:

- Coordinating a unified executive branch strategic information technology plan.
- Overseeing the expanded use of project management principles.
- Serving as a general contractor between the State's information technology users and private sector providers of information technology.
- Developing information technology budgets and setting standards for application development for executive branch departments.

Executive Order 2001-3 transferred to the DIT all information technology services that were previously located within any executive branch department or agency, and the following entities which had been located in the Department of Management and Budget:

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

- the Michigan Administration Information Network,
- the Computing Services Unit,
- the Information Technology Services Division,
- the Office of Project Management,
- the Information Technology Budget and Finance Division,
- the Office of Information Technology Solutions,
- the Telecommunications Services Unit,
- the Michigan Information Network Office,
- the Michigan Information Center.

Executive Order 2002-2 transferred the e-Michigan Office to the DIT, maintaining the e-Michigan Office as a Type I agency. Subsequently Executive Order 2002-14, through a Type III transfer, abolished the e-Michigan Office and transferred its powers, functions, and responsibilities to the Department of Information Technology.

Finally, Executive Order 2009-55 transferred the DIT to the Department of Management and Budget and renamed the entity the Department of Technology, Management, and Budget (DTMB). All functions of the former DIT remain the same under the new DTMB.

1.	<u>Education services</u>	\$4,106,500
	Classified FTE positions	29.0
	Funding from this line item supports services provided to the Department of Education, and library, archival, and records storing services provided by the DTMB.	
2.	<u>Health and human services</u>	\$291,972,300
	Classified FTE positions	617.5
	This line item funds information technology services provided to the Department of Community Health, Department of Human Services, and the Department of Energy, Labor and Economic Growth. The line item also includes funding and staff related to the Child Support Enforcement System (CSES).	
3.	<u>Public protection</u>	\$55,832,600
	Classified FTE positions	154.5
	Departments receiving services from this line item include: Attorney General, Civil Rights, DELEG, Corrections, Military and Veterans Affairs, and State Police. The appropriation also includes funding and staff related to the Michigan Public Safety Communications System (MPSCS).	
4.	<u>Resources services</u>	\$20,283,500
	Classified FTE positions	146.5
	Departments receiving information technology services through this line item included: Agriculture, Environmental Quality, and Natural Resources.	

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

5.	<u>Transportation services</u>	\$31,739,300
	Classified FTE positions	89.5
	This line item funds services provided to the Department of Transportation. The services include application and systems development, hardware and software purchases, licensing, maintenance, network support, mainframe services, and radio tower services.	
6.	<u>General services</u>	\$98,027,300
	Classified FTE positions	331.5
	This line item supports information technology services to the Civil Service Commission, Department of Technology, Management, and Budget, Department of State, the Gaming Control Board, the State Lottery, and the Department of Treasury.	
7.	<u>Enterprise-wide information technology investment projects</u>	\$9,500,000
	This line item supports IT projects funded by the IT Investment Fund which provides support across all agencies. They include projects related to cyber security, data loss prevention, portfolio management, and the unified portal.	
8.	<u>General government and public safety information technology investment projects</u>	\$18,000,000
	This funding supports legacy related IT projects within all state agencies except the Department of Community Health and the Department of Human Services. These projects are identified and prioritized based on critical need. The basis for identifying the project as critical is if the failure to replace the system could result in:	
	<ol style="list-style-type: none"> 1. Loss of Life 2. Compromise of public safety or justice 3. Loss of outside funding 4. Significant risk to the enterprise 5. Federal or legislative mandate 	
9.	<u>MAIN system replacement information technology investment projects</u>	\$35,500,000
	This line item funds the development and implementation of the State of Michigan's new financial system . This system is currently in development and will eventually replace the current MAIN system in approximately FY 2018-19.	
10.	<u>Cyber security information technology investment projects</u>	\$2,000,000
	This line item was added in FY 2015-16 to provide additional funding for cyber security to further enhance the State's efforts to protect its data systems from cyber attack.	
11.	<u>Homeland security initiative/cyber security</u>	\$13,118,200
	Classified FTE positions	13.0
	This funding supports remediation of enterprise network risks, implementation of a Cyber Civilian Corps, expansion of the current cyber range, building a cyber-talent pool, and provides data loss prevention and penetration testing services. All of these measures are intended to keep the State's data systems secure from cyber attacks.	

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

12.	<u>Michigan public safety communications</u>	\$40,094,800
	Classified FTE positions	100.0
	This line item supports DTMB's costs related to the development and maintenance of communication services provided to local, state, and federal agencies via the MPSCS as well as costs related to the lifecycle replacement of infrastructure and equipment.	
13.	<u>Enterprise identity management</u>	\$6,700,000
	Classified FTE positions	6.0
	This line item was added in FY 2016-17 to provide new funding and FTEs for the MiLogin program that will allow a single sign-on and identity management tool to enable the State to establish, manage, and authenticate user identities for all State IT systems.	
	Unit Gross Appropriation	\$626,874,500
	Interdepartmental grants	501,961,500
	Local revenue	2,223,300
	State general fund/general purpose	122,689,700

Sec. 107 (5) STATEWIDE APPROPRIATIONS

These professional development funds are created in the collective bargaining agreements with unions. The purpose of the professional development funds are to, "identify education, training and retraining needs for members; to explore existing education resources; and to publicize these resources to meet employee needs and encourage workers' participation." Each department contributes a certain amount per employee per union. This funding is shown as an IDG for these lines.

1.	<u>Professional development fund – AFSCME</u>	\$0
	The AFSCME professional development fund was established in FY 1989-90. It had a balance of \$161,000 at the close of FY 2014-15. This line item is not funded in FY 2016-17 per contract agreements but likely will be funded for new contract period beginning in FY 2017-18 that are currently being negotiated.	
2.	<u>Professional development fund – MPE, SEIU, scientific, and engineering unit</u>	\$0
	This professional development fund was established in FY 1989-90. It had a balance of \$141,700 at the close of FY 2014-15.	
3.	<u>Professional development fund – NEREs</u>	\$250,000
	This professional development fund was established in FY 1989-90. It had a balance of \$2,300 at the close of FY 2014-15.	

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

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| 4. <u>Professional development fund – UAW</u> | \$700,000 |
| This professional development fund was established in FY 1989-90. It had a balance of \$3,062,000 at the close of FY 2014-15. | |

Unit Gross Appropriation	\$950,000
Interdepartmental grants	950,000
State general fund/general purpose	0

Sec. 107 (6) SPECIAL PROGRAMS

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| 1. <u>Building occupancy charges – property management services for executive/legislative building occupancy</u> | \$1,154,500 |
| All funding supports costs associated with Executive BOC. | |

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| 2. <u>Retirement services</u> | \$28,724,900 |
| Classified FTE positions | |

This line contains the appropriation for Retirement Services, which is responsible for the administration of retirement and pension benefits for current and past State employees as well as state military retirees under the National Guard. Duties include record keeping, providing actuarial information, and payment of benefits. This office is funded entirely by the pension trust funds and deferred compensation funds. The administration of retirement benefits is governed by acts establishing the four retirement systems:

- State Employees' Retirement Act of 1943, MCL 38.1 to 38.69
- Public School Employees Retirement Act of 1979, MCL 38.1301 - 38.1467
- State Police Retirement Act of 1986, MCL 38.1601 - 38.1648
- Judges Retirement Act of 1992, MCL 38.2101 - 38.2670
- Michigan Military Act of 1967, MCL 32.801 – 32.851

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| 3. <u>Office of children's ombudsman</u> | \$1,801,600 |
| Classified FTE positions | |

Considered an independent office housed in the Department of Technology, Management, and Budget, the Office of the Children's Ombudsman was established in Public Act 204 of 1994, MCL 722.921 to 722.935. It monitors and ensures compliance with relevant statutes, rules, and policies pertaining to children's protective services and the placement, supervision, and treatment of children in foster care and adoptive homes. This Office works closely with the Department of Human Services.

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| 4. <u>Public Private Partnership</u> | \$1,500,000 |
| Investments shall include but are not limited to capital asset improvements, energy resource exploration, financial and investment incentive opportunities, infrastructure construction, maintenance, and operation, and public-private sector joint ventures that provide an economic benefit to an area or the State. | |

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

5.	<u>Regional Prosperity Grants</u> The Regional Prosperity Initiative is a voluntary competitive grant process that encourages local private, public and non-profit partners to create vibrant regional economies. The legislature approved the recommended process and the Regional Prosperity Initiative was signed into law as a part of the FY 2013-14 budget (59 PA 2013).	\$2,500,000
6.	<u>Office of Urban Initiatives</u> Classified FTE positions The Office of Urban Initiatives focuses on economic impact and job growth initiatives respective to urban and metropolitan areas. Initiatives include transportation/infrastructure, public services, land use/sustainability, housing, and workforce/economic development. The Office works closely with the Michigan Economic Development Corporation, all state departments, non-profit foundations and business communities to establish policies and to create a strategic framework for urban economic development in Michigan.	\$1,012,200 5.0
7.	<u>School Reform Office Operations</u> Classified FTE positions This office was created in FY 2013-14 by combining responsibilities previously integrated between other units, including the State Board of Education/Office of the Superintendent, Professional Preparation Services, and the Bureau of Assessment and Accountability. The School Reform Office supervises the lowest achieving five percent of schools in the State, designated as "Priority Schools" by the Federal ESEA flexibility request. The Office is responsible for:	\$2,318,300 11.0
	<ul style="list-style-type: none"> • Establishing policies and procedures for rapid turnaround in Priority Schools. • Coordinating reform efforts for Priority Schools across the Department of Education to ensure thorough integration of activities and monitoring of schools. • Strengthening teacher effectiveness in Priority Schools. • Developing policies and strategies to support effective school leaders in Priority Schools. • Identifying, advocating and recommending policies that ensure the reallocation of academic and financial resources to support the implementation of school redesign plans. • Identifying and developing tools and resources to ensure schools implement effective school redesign plans. <p>Executive Order 2015-9 transferred the School Reform Office Operations from the Department of Education to DTMB. The office was retained in DTMB in the FY 2015-16 budget.</p>	
	Unit Gross Appropriation	\$39,011,500
	State restricted revenue	24,848,100
	State general fund/general purpose	14,163,400

Sec. 107 (7) STATE BUILDING AUTHORITY RENT

The State Building Authority is authorized to issue and sell bonds and notes for the acquisition and construction of facilities and state equipment. The debt service on the bonds is payable from lease revenue paid by the State pursuant to provisions of the leases. Appropriations for this lease revenue are contained in this line item.

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

The SBA Rent program was moved from the Capital Outlay budget to the General Government budget in the FY 2005-06 budget to deal with timing issues associated with the delayed enactment of the capital outlay budget and the need to make SBA Rent payments on October 1st of each year. Payments are made by the State for projects as follows:

1. State building authority rent - state agencies	\$49,665,800
2. State building authority rent - department of corrections	\$21,029,900
3. State building authority rent – universities	\$144,995,300
4. State building authority rent - community colleges	\$30,879,600

Unit Gross Appropriation	\$246,570,600
State general fund/general purpose	246,570,600

Sec. 107 (8) CIVIL SERVICE COMMISSION

Article XI, Section 5 of the Michigan Constitution established the Civil Service Commission and the State classified civil service. This section empowers the Civil Service Commission to determine the classification, compensation, qualification, and regulation of all positions in the classified civil service. The Commission appoints the State Personnel Director to carry out these responsibilities.

The Constitution also provides for appropriations to the Commission in order to perform these duties. “The legislature shall appropriate to the commission for the ensuing fiscal year a sum not less than one percent of the aggregate payroll of the classified service for the preceding fiscal year.” The Department historically does not request the full 1% of aggregate payroll for its operations.

Executive Order 2007-30 transferred all functions and duties of the Civil Service Commission in the former Department of Civil Service to the Department of Technology, Management, and Budget in May, 2007.

1. <u>Agency Services</u>	\$13,103,100
Classified FTE positions.	74.0

This line item supports human resource services for State government. This includes position development, classification evaluation, employee recruitment, assessment, and the Human Resources Management Network (HRMN).

2. <u>Executive Direction</u>	\$8,894,300
Classified FTE positions.	40.0

This line item supports administrative services including Human Resources, Financial Services, Office of General Counsel, Hearings and Legal Services, and the Office of Compliance.

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

3.	<u>Employee Benefits</u>	\$5,704,000
	Classified FTE positions.	16.0
	<p>Executive Order 2002-13 transferred administration of the employee benefits, health screening and awareness, and quality recognition systems to the Department of Civil Service from the Office of the State Employer in the Department of Management and Budget in August 2003. With the development of HRMN, it was determined that the programs would be better suited to the Civil Service Commission.</p>	
4.	<u>Training</u>	\$0
	<p>This funding supports agency-specific and general training for State classified employees. State departments pay for services provided to support the interdepartmental grant to the Civil Service Commission.</p> <p>Per contract agreement for FY 2016-17, no funding for training is appropriated in this fiscal year and will be an item of discussion for negotiations for FY 2017-18.</p>	
5.	<u>Human Resources Operations</u>	\$38,463,100
	Classified FTE positions	320.0
	<p>This line item supports the consolidation of certain human resources functions that were previously included in individual departmental budgets and transferred to the Civil Service Commission when the former Department of Civil Service was transferred to the Department of Technology, Management, and Budget as an autonomous agency via Executive Order 2007-30 in May 2007.</p>	
6.	<u>Information Technology Services and Projects</u>	\$3,354,300
	<p>Executive Order 2001-3 created the new Department of Information Technology (DIT). In FY 2002-03, 27.0 FTEs were initially transferred to DIT from the Department of Civil Service. The funding for information technology is appropriated in the originating department and received in DIT as an interdepartmental grant from user charges.</p> <p>Executive Order 2009-55 combined DIT with the Department of Management and Budget to form the now Department of Technology, Management, and Budget (DTMB). The funding is appropriated in the originating department and received in DTMB as an interdepartmental grant from user charges.</p>	
	Unit Gross Appropriation	\$69,518,800
	State restricted revenue	47,934,900
	State general fund/general purpose	21,583,900

Sec. 107 (9) CAPITAL OUTLAY

1.	<u>Major special maintenance, remodeling and addition for state agencies</u>	\$2,000,000
	<p>Funding in this line item is used for large maintenance and remodeling projects in buildings managed by the department. FY 2008-09 was the first year that this line item was funded in DTMB.</p>	
2.	<u>Enterprisewide special maintenance for state facilities</u>	\$26,000,000
	<p>Funding in this line item is used for special maintenance projects that are non-recurring, and can include light renovation, remodeling, and additions as well as</p>	

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

other upgrades and replacements. Typical examples of special maintenance projects are roofs, boiler/HVAC replacements, windows/doors, ADA compliance, energy efficiency lighting/controls, etc. Projects that fall into this category are typically too big for an agency to fund out of operating funds, but not big enough or of sufficient scale to be bonded via the State Building Authority. FY 2012-13 was the first year that this line item was funded in DTMB.

Unit Gross Appropriation	\$28,000,000
Interdepartmental grants	2,000,000
State general fund/general purpose	26,000,000

Sec. 107(10) ONE-TIME BASIS ONLY APPROPRIATIONS

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| 1. | <u>Legal services</u> | \$5,000,000 |
| | This one-time funding of \$5.0 million is used for litigation costs anticipated by the Department to be incurred in FY 2016-17. This is an increase of \$4.0 million from the one-time funding provided in FY 2015-16. These funds could be used for legal costs associated with the Declaration of Emergency Due to Drinking Water Contamination as well as other anticipated legal costs for the Department. | |
| 2. | <u>Information technology investment fund one-time augmentation</u> | \$4,500,000 |
| | There is \$4.5 million in one-time funding provided for IT projects in two specific areas...\$2.0 million for the Department of Treasury to replace their legacy system and \$2.5 million for the SIGMA Project to leverage the MiLogin capabilities explained above in the Enterprise Identity Management line item. | |
| 3. | <u>Enterprisewide special maintenance for state facilities</u> | \$1,600,900 |
| | This one-time funding of \$1.6 million is used in FY 2016-17 for one-time maintenance projects on State-owned facilities across Michigan. | |
| 4. | <u>Office of retirement services information technology modernization and enterprise mandates</u> | \$2,850,000 |
| | This one-time funding of \$2.9 million will be used for mandated upgrades required by retirement statute changes as well as increased support costs. | |
| 5. | <u>Special projects</u> | \$250,000 |
| | This one-time funding totaling \$250,000 will be distributed for special projects to be determined by the State Budget Director at a later date. The projects are unspecified as the actual expenditure of funds will be dependent on the availability of the funds closer to the end of the 2016-17 fiscal year. | |

Unit Gross Appropriation	\$14,200,900
State restricted revenue	2,850,000
State general fund/general purpose	11,350,900

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL

2016 PA 268, Article VIII

Section Number	Description and History
801	<p><u>Contingency Funds.</u> Authorizes contingency funds. Requires legislative transfers prior to expenditure. Authorizations for the fiscal year may not exceed the following amounts: \$4.0 million for Federal; \$8.0 million for State restricted; \$150,000 for local funds; and \$100,000 for private funds.</p> <p>Background: Included in the budget beginning in FY 2007-08.</p>
802	<p><u>Auction Proceeds.</u> Provides for the appropriation of proceeds from property transfers or auctions of State surplus to the Department for the purpose of offsetting costs in the acquisition and distribution of Federal surplus.</p> <p>Background: This section was first included in the late 1980's. Proceeds from the sale of State warehouse surplus may cover the deficits of the Federal warehouse. Beginning in FY 2010-11, additional language requires DTMB to provide consolidated internet auction services through the State's contractors for all local units of government.</p>
803	<p><u>DTMB Services.</u> Provides for receipt and expenditure of funds for services provided to departments, the Judiciary, the Legislature, or private tenants. (1) Maintenance and Operation, (2) Design and Construction, (3) Mail Services, (4) Purchasing Services.</p> <p>Background: This section allows receipt of payments from State departments above and beyond appropriations. Related to special or extended services requested of the Department by other State departments. Subsections (1) and (2) are used the most frequently through Building Operation Services and Design & Construction.</p>
804	<p><u>Statewide Appropriations for Employee Programs.</u> Provides for receipt and expenditure of funds for programs as specified in joint labor/management agreements or through the coordinated compensation hearings process. Provides for carry forward of funds.</p> <p>Background: These accounts are managed through the Office of the State Employer. Billing to State departments for contributions to a fund is based on the number of employees from a particular union in each department.</p>
805	<p><u>Special Revenue and Internal Service Funds.</u> Provides for appropriations financed from special revenue, internal service, pension trust funds or MAIN user charges not to exceed aggregate amounts appropriated in Part 1.</p> <p>Background: This section ensures that the Department has the authority to accept revenue from restricted fund sources as appropriated. This section was initiated over confusion of whether the Department could accept funds from the Michigan Veterans Trust Fund.</p>
806	<p><u>Administrative Leave Bank.</u> Provides for receipt, expenditure, and transfer to and from other departments to implement administrative leave bank transfers.</p> <p>Background: This section is related to collective bargaining. It provides a mechanism for employees to donate annual leave for other State employees to use. People are not compensated for donating their leave. In the administrative leave process, a department charges the Department of Technology, Management, and Budget an amount to cover the leave of the chief state employee from that bargaining unit when that person is absent for union activities. The administrative leave bank pays for it.</p>

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL

2016 PA 268, Article VIII

Section Number	Description and History
807	<p><u>MAIN Charges.</u> Provides that the Michigan Administrative Information Network (MAIN) shall be funded by charges against State funds benefiting from MAIN.</p> <p>Background: Permits the department to bill State departments to cover costs of MAIN and allows receipt of restricted funds for this purpose. Amounts are determined by Statewide Cost Allocation Plan (SWCAP). A listing of MAIN costs by department is available.</p>
808	<p><u>Building Occupancy and Parking Charges.</u> (1) Provides for collection of deposits against the interdepartmental grants from building occupancy and parking charges for State agencies, the Legislature, and the Judiciary. (2) Provides for returning excess revenue collected.</p> <p>Background: This function is performed through the Office of Facilities. The Department uses building occupancy and parking charges from previous fiscal years to estimate the next fiscal year's charges. This section allows the Department to return any overpayment of previous fiscal year funds to the originating fund sources.</p>
809	<p><u>Computer Contract Adjustments.</u> Requires quarterly notification to the Legislature, the fiscal agencies, and the State Budget Director on computer contract revisions that increase or decrease by more than \$500,000.</p> <p>Background: The Legislature is not involved in the contract approval process, but it can put conditions and restrictions on the process. These contracts are approved by the State Administrative Board. There are 6-12 such contracts a year. This section was added through legislative initiative. In FY 2004-05 the language was expanded to include contract revisions that decrease current contracts by more than \$500,000. In FY 2015-16 the language was amended to require the report to be submitted to the Legislature quarterly and removed language stating that the report be submitted at least 14 days prior to finalization of the revisions. In FY 2016-17 language was added requiring the notification also to be sent to the House and Senate Fiscal Agencies and the State Budget Director.</p>
810	<p><u>Requests for Proposals-Website.</u> Requires the Department of Technology, Management, and Budget to maintain an Internet website that contains notice of all invitations to bid (ITB) and requests for proposals (RFP) over \$50,000. Prohibits the Department from accepting an invitation for bid or request for proposal less than 14 days after the request was made available on the website. Allows for certain exceptions. The Department may advertise in any manner that maximizes opportunities for organizations to bid.</p> <p>Background: This section was first included in FY 1999-2000. The Office of Purchasing was already doing much of this, with two differences: (1) In order to comply with this section, departments must notify the Office of Purchasing of such RFP's so they can be posted appropriately, and (2) a full 14 days' notice on the website was not always completed.</p>
811	<p><u>Vietnam Veterans Memorial Monument Fund.</u> Authorizes the Department to receive and expend funds from the Vietnam Veterans Memorial Monument Fund as provided in the Michigan Vietnam Veterans Memorial Act, 1988 PA 234. Funds are appropriated and allocated upon receipt.</p> <p>Background: This section was first included in FY 2002-03.</p>

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL

2016 PA 268, Article VIII

Section Number	Description and History
812	<p><u>Michigan Veterans Memorial Park Commission.</u> Authorizes the Commission to receive and expend money, including gifts, grants, donations, and appropriations, for the purposes described in Executive Order 2001-10, which established the Commission. Designates the funds as restricted revenue and allows them to be carried forward to the next fiscal year.</p> <p>Background: This section was first included in FY 2002-03. Executive Order 2001-10 charged the Commission with advising on the development, management, and maintenance of the Memorial Park, including operations, security, preservation, and State activities.</p>
813	<p><u>Motor Vehicle Fleet.</u> Administration of the State Motor Vehicle Fleet. Requires the Department of Technology, Management, and Budget to complete a project plan based on needs and cost savings to achieve the maximum value and efficiency from the State motor fleet. The Plan shall include the number of vehicles assigned to departments and agencies, efforts to reduce vehicle expenditures, the number of cars in the Fleet, the amount of State fuel tax that would have been incurred by Fleet vehicles if they were required to pay the tax, and information on Fleet garage operations. Requires annual report to the Legislature. Provides that revenue in excess of appropriations and unencumbered funds are restricted revenues and may be carried over to the succeeding fiscal year. Requires annual report on the status of the project plan. Finally, new language added in FY 2014-15 states that once notification is made to the House and Senate standing committees on appropriations, spending authorization and the IDG from the Motor Transport Fund in DTMB may be adjusted to ensure that the appropriations for the motor vehicle fleet equals the expenditures for motor vehicle fleet in the budgets for all executive departments and agencies.</p> <p>Background: First included in FY 2003-04. Language regarding carry forward and use of driver records was added in FY 2004-05. The language was modified in FY 2005-06 by requiring reporting on the number of miles driven, gallons of fuel consumed, fleet garage operations, and requiring DMB to develop a plan for the number of vehicles authorized for use by State departments and agencies. The language was again modified in FY 2006-07 to reflect the continuation of a plan for the operation of the Motor Vehicle Fleet. A new provision was also added in P.A. 153 of 2006 that authorizes DMB to charge State agencies for fuel costs that exceed \$3.04 per gallon. Language requiring the use of remanufactured parts for repairs was added in FY 2011-12 and deleted in FY 2015-16. In FY 2016-17 the State Budget Director was added to the list of recipients of the annual report on the status of the project plan.</p>
814	<p><u>Enterprisewide IT Investments.</u> Requires the Department to develop a plan regarding the use of funds appropriated in Part 1 for the Enterprisewide IT Investments program. Language was expanded in FY 2014-15 to require the Department to notify the Legislature and the fiscal agencies when an IT investment project will require the transfer of \$500,000 or more from another project</p> <p>Background: First included in FY 2010-11. In FY 2016-17 the State Budget Director was added to the list of recipients of the notification.</p>
814a	<p><u>IT Investment Program Expansion.</u> Requires the Department to use any increase in funding for the program to be used for the modernization of state IT systems, improvement of the State's cyber security framework, and to achieve efficiencies.</p> <p>Background: First included in FY 2015-16. As cyber security issues become more of a concern, the State is finding that additional resources are needed to keep the State's IT information secure.</p>

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL

2016 PA 268, Article VIII

Section Number	Description and History
816	<p><u>Privatization RFP Factors.</u> Language stipulates that DTMB shall include factors that will be used to evaluate and determine price related to requests for proposals issued for the purpose of privatization.</p> <p>Background: First included in FY 2011-12.</p>
818	<p><u>Michigan Law Enforcement Officers Memorial Act.</u> Authorizes DTMB to receive and expend funds for the Monument Fund pursuant to 2004 PA 177.</p> <p>Background: First included in FY 2004-05.</p>
820	<p><u>State Property.</u> Requires DTMB to make available to the public on the Internet, a list of all parcels of real estate that are available for purchase from the State.</p> <p>Background: First included in FY 2005-06.</p>
821	<p><u>Space Consolidation.</u> Requires the Department to develop a plan regarding the use of space consolidation funds and report annually to the Legislature.</p> <p>Background: First included in FY 2011-12.</p>
822	<p><u>Unclassified Salaries.</u> Requires the Department to compile a report by January 1 pertaining to the salaries of unclassified employees and gubernatorial appointees.</p> <p>Background: First included in FY 2009-10. Language modified in FY 2015-16 to remove online posting requirement of the report.</p>
822b	<p><u>Public-Private Partnership Investment Fund.</u> Language moved from Treasury into DTMB in FY 2013-14 that creates the Public-Private Partnership Investment Fund. Investments shall include but are not limited to capital asset improvements, energy resource exploration, financial and investment incentive opportunities, infrastructure construction, maintenance, and operation, and public-private sector joint ventures that provide an economic benefit to an area or the State. Prohibits public-private investments from being used for projects, consultant expenses, staff effort, or any other activity related to the development, financing, construction, operation, or implementation of the Detroit River International Crossing (DRIC) or any successor project unless the project is approved by the Legislature and signed into law.</p> <p>Background: First included in FY 2013-14.</p>
822c	<p><u>Prohibition against use of State Funds for International Bridge.</u> Prohibits the use of any funds from Part 1 to be used for any staff efforts, projects, consultant expenses, or any other activity related to the development, financing, construction, operation, or implementation of the DRIC or any successor project.</p> <p>Background: First included in FY 2011-12.</p>
822d	<p><u>DTMB Fees and Rates.</u> New language requires the Department to provide a report to the Legislature by December 31, 2014, that identifies fee and rate schedules to be used by State departments and agencies for services and must include an explanation of the factors that justify each fee and rate increase.</p> <p>Background: First included in FY 2014-15.</p>

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL

2016 PA 268, Article VIII

Section Number	Description and History
822e	<p><u>Legacy Costs.</u> This language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimate of the amount of pension-related legacy costs. For FY 2016-17 pension-related legacy costs are estimated at \$43,795,600 and retiree health care legacy costs are estimated at \$35,166,400.</p> <p>Background: First included in FY 2014-15.</p>
822f	<p><u>Regional Prosperity Grant Requirements.</u> Language describes the qualification process for the new proposed Regional Prosperity Grant Program. The Regional Prosperity Initiative is a voluntary competitive grant process that encourages local private, public and non-profit partners to create vibrant regional economies. The legislature approved the recommended process and the Regional Prosperity Initiative was signed into law as a part of the FY 2013-14 budget (59 PA 2013). This boilerplate language stipulates the requirements for qualification to receive funding as a regional prosperity collaborative, a regional prosperity council, or a regional prosperity board.</p> <p>Background: First included in FY 2013-14. One-time funding of \$2.5 million was included in FY 2013-14 and \$1.0 million in FY 2014-15. Funding is moved to the ongoing section of the budget (Part 1) and is funded at \$2.5 million in FY 2016-17.</p>
822g	<p><u>Legal Services Fund Expenditure Report.</u> Requires an annual report to the Legislature on legal services fund expenditures by case, purpose, and department involved.</p> <p>Background: First included in FY 2014-15. Language was modified in FY 2015-16 to change reporting requirement from quarterly to annually.</p>
822h	<p><u>Report for Office of Urban Initiatives.</u> New language requires a report by April 15 to the Legislature and the fiscal agencies on the expenditures for the office of urban initiatives. The report shall provide information detailing the economic impact and job growth initiatives for each urban and metropolitan area receiving funds under part 1.</p> <p>Background: First included in FY 2015-16. In FY 2016-17 the State Budget Director was added to the list of recipients of the annual report.</p>
822i	<p><u>School Reform Office.</u> New language per E.O. 2015-9 provides stipulations for schools placed in a School Reform/Redesign school district as well as protecting students with individualized education programs.</p> <p>Background: First included in FY 2015-16.</p>
822j	<p><u>Office of Good Government.</u> Language states that the funds appropriated in Part 1 shall be used to expand the Office and to broaden the office's support of transformative good government initiatives.</p> <p>Background: First included in FY 2016-17. The Office of Good Government was transferred to the Office of Performance and Transformation (OPT) via Executive Order 2016-4. The Office of Good Government is an entity within the OPT. The OPT is responsible for the systematic review and coordination of the State's regulatory, business, and customer service environments and processes as well as coordination and implementation of performance management metrics, service optimization efforts, employee engagement programs and protocols, and change management and leadership education and training.</p>

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII

Section Number	Description and History
822k	<p><u>Hawthorn Center Appraisal.</u> Language requires DTMB to work with the Department of Health and Human Services on an appraisal of state-owned lands and buildings at the Hawthorn Center Psychiatric Hospital Facility for Children and Adolescents. The Department also must create a proposal for possible replacement of the facility and submit the appraisal and proposal to the legislature by March 1, 2017.</p> <p>Background: First included in FY 2016-17.</p>
822l	<p><u>School Reform Office Public Hearings.</u> Language requires the School Reform Office to hold at least one public hearing in the school district that the Office is considering for placement of a CEO or dissolution of the school district.</p> <p>Background: First included in FY 2016-17. This language resulted from the enacted Detroit School Reform package to ensure the affected school district residents are informed prior to the dissolution or placement of a CEO in that school district.</p>
822m	<p><u>Tracking Performance of Vendors. Senate:</u> Language states that the Department shall establish a system that collaborates with other departments to track the performance of vendors who are awarded contracts through the procurement process.</p> <p>Background: First included in FY 2016-17 as a means to measure the performance of vendors awarded contracts as a basis of being able to determine future awards to those vendors.</p>
822n	<p><u>Placement of all Contract Proposals on Department Website.</u> Language requires the Department to establish a publically accessible portal on the Department's website that displays all contract proposals for all State departments and agencies.</p> <p>Background: First included in FY 2016-17 to create a means for searching and locating all RFP's submitted to the State.</p>
822o	<p><u>School Reform Office Coordination with Department of Education.</u> Language requires the School Reform Office to coordinate with the Department of Education to streamline State services and resources, reduce duplication, and increase efficiency.</p> <p>Background: First included in FY 2016-17.</p>

INFORMATION TECHNOLOGY

823	<p><u>State Website.</u> (1) Provides authority for the DTMB to sell and accept paid advertising, review and approve content of advertisement, and refuse or require modification to advertisements. Up to \$250,000 in revenue received under this section can be used for operating costs of the Department and technology enhancements. Funds in excess of \$250,000 are deposited in the State General Fund. (2) Authorizes the Department to accept gifts, donations, contributions, bequests, and grants to support cost of State website pages or services offered on website. (3) Funds from part 1 are appropriated when received and the Department must notify the Legislature within 10 days after the approval is given.</p> <p>Background: This section was first included in FY 2001-02.</p>
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DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL

2016 PA 268, Article VIII

Section Number	Description and History
824	<p><u>Spatial Information and Technical Services.</u> Allows the DTMB to enter into agreements to supply spatial information and technical services to other departments, local units of government, and organizations. Provides for receipt and expenditure of funds relating to providing services, publications, maps, and other products in addition to amounts appropriated in Part 1. Includes reporting requirement to the General Government Subcommittees on revenues and expenditures.</p> <p>Background: The listed services are provided by the Michigan Information Center. The Center operates from an internal service fund. It also provides these services to the public and municipalities. Reporting requirement added in FY 2004-05. In FY 2016-17 the State Budget Director was added to the list of recipients of the report.</p>
825	<p><u>MAIN Access.</u> Provides for access to data contained within MAIN for the Legislature and State departments.</p> <p>Background: This section was first included when MAIN was implemented to guarantee access for the Legislature.</p>
826	<p><u>Information Technology-Definitions.</u> Defines information technology services as services involving all aspects of managing and processing information and lists examples including: "Cyber Security", "Social Media", and "Wireless Networking".</p> <p>Background: This section restates a portion of Executive Order 2001-3 which created the Department.</p>
827	<p><u>Michigan Public Safety Communications System (MPSCS).</u> Provides that money appropriated in Part 1 for the MPSCS shall be expended upon approval of an expenditure plan by the State Budget Director. Requires IT to assess subscribers of the system reasonable access and maintenance fees. Money received under this section shall be deposited into the Michigan Public Safety Communications System Fund and expended for support and maintenance of the MPSCS. Also includes a reporting requirement on revenue received and allows the carry forward of funds into succeeding fiscal years.</p> <p>Background: This language was previously contained in the Department of State Police budget. Prior to FY 2005-06, revenue received from access and maintenance fees was deposited in the State General Fund. Previously, the report was due on April 15 and October 15 of each year but requirement changed to April 15 only beginning in FY 2015-16. This section was amended in FY 2016-17 to require deposit of fees into the Michigan Public Safety Communications System Fund and added new language allowing for the carry forward of funds into succeeding fiscal year.</p>
828	<p><u>Annual Report.</u> Requires an annual report from the DTMB that lists the total amount of funding appropriated and corresponding expenditures for information technology services and projects by funding source for all departments and agencies.</p> <p>Background: First included in FY 2003-04.</p>
829	<p><u>Life-Cycle of Hardware and Software.</u> Requires the DTMB to provide a report by March 1, which analyzes and makes recommendations on the life-cycle of information technology hardware and software.</p> <p>Background: First included in FY 2003-04.</p>

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL

2016 PA 268, Article VIII

Section Number	Description and History
830	<p><u>Contract Reporting Requirement.</u> Requires a report by December 31 on all follow-on contracts and change orders entered into by the Department greater than \$50,000 beginning in FY 2008-09.</p> <p>Background: First included in FY 2008-09.</p>
831	<p><u>ICT Innovation Fund.</u> Language stipulates that the Information, Communications, and Technology (ICT) Innovation Fund shall be administered by the Department for the purpose of providing a revolving, self-sustaining resource for financing ICT innovation projects for state agencies, local units of government, educational institutions, and nonprofit organizations, in addition to permitting outside contributions to the fund and carry forward of money within the fund. A new provision is added in FY 2014-15 that makes the language ineffective if legislation is adopted that provides for the administration and use of the fund.</p> <p>Background: First included in FY 2011-12.</p>
832	<p><u>Child Support Enforcement System Report.</u> Requires the Department to notify the Senate and House General Government Subcommittee and the fiscal agencies within 30 days of any potential penalties assessed by the federal government for failure of the program to achieve certification from the federal government. If penalties are assessed the Department must submit a report to the subcommittees and fiscal agencies within 90 days specifying the Department's plan to avoid the penalties and ensure certification of the program by the federal government.</p> <p>Background: First included in FY 2005-06.</p>
833	<p><u>Legislative Transfers.</u> Provides for an automatic appropriation of an equal amount of user fees in the Department's budget for any transfer to or from the information technology line item within an agency budget to reflect the increase or decrease. Also provides for adjustments for initial appropriations.</p> <p>Background: First included in FY 2007-08. Modified in 2008-09 to account for initial appropriations. Departmental transfers were not being reflected in the IT budget.</p>
834	<p><u>Antenna Site Management Fund.</u> Creates the fund and provides for the deposit of revenue and expenditures. Funds remaining at the end of the fiscal year shall be transferred to the appropriate state restricted funds. Language also prohibits an antenna from being placed on any site unless it complies with the respective local zoning codes and local unit of government processes.</p> <p>Background: First included in the DTMB budget in FY 2008-09 and was previously included in the Capital Outlay budget.</p>
835	<p><u>Census-Related Services.</u> Appropriates funds collected for census-related information and technical services, publications, statistical studies, population projections and estimates, and other demographic products. Provides carry-forward authorization.</p> <p>Background: First included in FY 2009-10.</p>
836	<p><u>Modernization of State IT Systems.</u> Language states that the increased funding shall be used to modernize the State's IT systems and integrate State system interfaces to improve customer service.</p> <p>Background: First included in FY 2016-17.</p>

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL

2016 PA 268, Article VIII

Section Number	Description and History
837	<p><u>Cyber Security System Improvements.</u> Language states that the increased funding for cyber security shall be used to increase cyber security by developing a comprehensive security framework.</p> <p>Background: First included in FY 2016-17 to ensure that the additional funds for cyber security are used for that purpose.</p>
838	<p><u>Enterprise Identity Management (MiLogin).</u> Language states that the funds for the enterprise identity management program shall be used to expand the enterprise identity management program to provide an enterprisewide single sign-on and identity management tool.</p> <p>Background: First included in FY 2016-17 to coincide with the funding in Part 1 for the implementation of the MiLogin program.</p>
839	<p><u>Office of Retirement Services.</u> Language requires the increased funding to be used for expanding the Office's IT capability so as to provide a 90% customer contact satisfaction level.</p> <p>Background: First included in FY 2016-17.</p>
STATE BUILDING AUTHORITY RENT	
842	<p><u>State Building Authority - Insurance.</u> Provides that appropriations in Part 1 may be used to pay insurance premiums and deductibles. Appropriates any shortage from the General Fund.</p> <p>Background: First included in FY 2005-06. Section was previously in the Capital Outlay Budget.</p>
CIVIL SERVICE	
850	<p><u>One Percent Charges.</u> Provides that 1% from restricted funds for the Civil Service Commission be assessed on actual 1% restricted sources total aggregate payroll of classified service for the preceding fiscal year. Authorizes the Department, with the approval of the State Budget Director, to adjust 1% financings sources based on actual payroll expenditures.</p> <p>Background: Specific restricted funding sources were previously listed, but the list was not exhaustive and some funds were not collected. The introduction of MAIN allowed for a boilerplate change to give the criteria of those sources paying the 1% in order to include as many restricted sources as possible. The provision regarding adjusting sources of financing was first included in FY 2005-06.</p>
851	<p><u>Restricted Financing Shortfalls.</u> Provides that shortages shall be taken from carry forward balances of the funding sources used for payroll. Gives priority to expenses in the originating department over the Civil Service Commission. Provides that General Fund dollars are appropriated for any shortfall in 1% restricted resource assessments for aggregate payroll of the classified Civil Service.</p> <p>Background: This mechanism has been in place for about 20 years. The Commission has not used it the last few years since it is not receiving the full 1% funding level. It provides for shortages in fund sources to be taken from carry-forward balances. If a carry-forward balance is not available, then the originating department has priority over the Civil Service Commission. The Department of Technology, Management, and Budget just credits the Civil Service Commission account with General Fund dollars for the amount of the shortfall of the Restricted fund source. The amount lapses back into the General Fund from the Civil Service Commission.</p>

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII

Section Number	Description and History
852	<p><u>Flexible Spending Account Program.</u> Enables the Civil Service Commission to deposit money into the State Sponsored Group Insurance, Flexible Spending Accounts, and COBRA Fund. Unspent money from the flexible spending accounts portion of the Fund would be used to offset the costs of administering the Flexible Spending Account program. Any remaining balance of unspent employee contributions will lapse to the General Fund.</p> <p>Background: Departments realize a small savings when employees choose to participate in the flexible spending accounts. The Civil Service Commission charges a department for the necessary administrative costs and takes the expenses out of its savings. Any lapse to the General Fund is negligible since the Commission only charges enough to cover administrative costs. The program was transferred from the former Department of Management and Budget to the former Department of Civil Service by Executive Order 2002-13.</p>
CAPITAL OUTLAY	
860	<p><u>Definitions.</u> Provides various definitions contained in the appropriation act.</p> <p>Background: First included in FY 2008-09.</p>
861	<p><u>Capital Outlay Processes, Procedures, and Reports.</u> Refers to capital outlay project requirements under 1984 PA 431 (Management and Budget Act).</p> <p>Background: First included in FY 2008-09.</p>
862	<p><u>Required Reports.</u> Requires that DTMB provide various detailed reports to JCOS and fiscal agencies with status of each planning or construction project financed with SBA funds.</p> <p>Background: First included in FY 2008-09.</p>
864	<p><u>Capital Outlay Funding Carry Forward.</u> Authorizes carry forward of capital outlay appropriations consistent with Section 248 of Management and Budget Act.</p> <p>Background: First included in FY 2008-09.</p>
865	<p><u>Site Preparation Economic Development Fund.</u> Establishes Site Preparation Economic Development Fund in DTMB; proceeds from sale of designated sites to be deposited into fund. Authorizes \$25.0 million cash advance from GF/GP to fund. Also, an annual report must be submitted to the House and Senate standing committees on appropriations by December 31 of each year.</p> <p>Background: First included in FY 2008-09.</p>
867	<p><u>Farnum Building Sale Proceeds.</u> New language requires the proceeds from the sale of the building to be appropriated to the Department in accordance with any legislation that is enacted that authorizes the sale. If the net proceeds from the sale of the Farnum building are less than the \$7.0 million authorized in FY 2014-15 under Section 896 for Senate relocation costs, then the difference between the net sale proceeds and \$7.0 million shall be appropriated by the Legislature to the Department.</p> <p>Background: This language was added in FY 2015-16 to ensure that previously appropriated funds that are not spent on relocation costs are returned to the Department and not spent elsewhere.</p>

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET*
PART 2: BOILERPLATE DETAIL
2016 PA 268, Article VIII

Section Number	Description and History
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CAPITAL OUTLAY – UNIVERSITIES AND COMMUNITY COLLEGES

873 **Community College Requirements.** Provides that community college projects shall be no more than 50% State funded and 50% locally funded. State funds shall not be released unless all requirements under the appropriation bill have been met.

Background: First included in FY 2010-11. Beginning in FY 2010-11, this section was moved into a new sub-heading for universities and community colleges.

874 **State Funds in Proportion to Matching Funds.** States that if matching funds received are less than the appropriated amounts, State funds shall be reduced in proportion to the amount of matching funds received.

Background: First included in FY 2010-11. Beginning in FY 2010-11, this section was moved into a new sub-heading for universities and community colleges.

875 **Documentation Regarding Project Match.** Allows the Department Director to require community colleges and universities with authorized projects to submit documentation regarding the project match and that if that documentation is not submitted, the project authorization may terminate unless the JCOS convenes to extend the authorization.

Background: First included in FY 2010-11. Beginning in FY 2010-11, this section was moved into a new sub-heading for universities and community colleges.

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**
**2016 PA 268
Article VIII
FY 2016-17
Initial**
Sec. 108 (1) APPROPRIATION SUMMARY

1. <u>Unclassified full-time equated (FTE) positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, and a limited number of policy-making positions in departments.	10.0
2. <u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	1,906.5
3. <u>GROSS APPROPRIATION</u> - Total appropriations	\$1,885,142,900
4. <u>Interdepartmental grants (IDGs)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	11,262,300
5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	1,873,880,600
6. <u>Federal revenue</u> - Funding allocated to the State by the Federal government.	39,920,800
7. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	9,201,000
8. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	26,700
9. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.	1,589,286,300
10. <u>State general fund/general purpose (GF/GP)</u> - Revenue that has no constitutional or statutory restrictions on how it is used.	235,445,800
11. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.	1,415,253,400

Sec. 108 (2) EXECUTIVE DIRECTION

1. <u>Unclassified positions</u>	\$995,500
Unclassified FTE positions	10.0

The positions funded through this line are the State Treasurer, two Deputy State Treasurers, an additional Treasury position, Tax Commission Chair, two Tax Commission Members, Executive Director of the Michigan Gaming Control Board, and the Lottery Commissioner. Most positions are funded from the General Fund, except the salary of the Executive Director of the Gaming Control Board is supported by the State Services Fee Fund and the salary of the Lottery Commissioner is supported by the State Lottery Fund. This line funds only salaries.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

The cost of benefits for unclassified positions is appropriated in the line item for Executive Direction and Operations. In FY 2015-16 the budget transferred the salary for the Director of the Michigan State Housing Development Authority (MSHDA) to the Department of Talent and Economic Development. While the number of unclassified positions remains at 10.0 the level of funding available only allows for 9.0 unclassified positions.

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| 2. Executive direction and operations | \$9,328,400 |
| Classified FTE positions | 52.0 |

This line item funds the executive office of the Department of Treasury and the costs of fringe benefits for all of the unclassified positions. In FY 2015-16, the budget increased 8.0 FTEs and \$2.0 million Gross to this line item to create the Financial Review Commission. In FY 2015-16, the Office of Tax Plan Implementation and Testing Division was created using existing 24.0 FTEs and \$3.55 million Gross from within the department as well as an additional 4.0 FTEs and \$750,000 Gross in new dollars to the department.

Unit Gross Appropriation	\$10,323,900
Federal revenues	65,000
Local	101,900
State restricted funds	2,776,500
State general fund/general purpose	7,380,500

Sec. 108 (3) DEPARTMENTWIDE APPROPRIATIONS

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| 1. <u>Rent and building occupancy charges - property management services</u> | \$6,047,400 |
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The central office of the Department is in the Austin Building in downtown Lansing. Additional offices are located in the Hannah Building and regional field offices. This line supports the rent and building occupancy charges for all units of the Department except the Bureau of Investments, whose rent is included in the Investments line item.

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| 2. <u>Workers' compensation insurance premium</u> | \$36,400 |
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This line supports workers' compensation costs incurred by the Department.

Unit Gross Appropriation	\$6,083,800
State restricted funds	2,890,600
State general fund/general purpose	3,193,200

Sec. 108 (4) LOCAL GOVERNMENT PROGRAMS

This unit supports the Bureau of Local Government Services.

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| 1. <u>Supervision of the general property tax law</u> | \$14,590,200 |
| Classified FTE positions | 86.0 |

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Under the authority of the State Tax Commission, the Property Services Division administers the General Property Tax Act of 1893, MCL 211.1-211.157. The Property Services Division is responsible for the foreclosure and sale of delinquent properties, it establishes the property tax base (determines the taxable value and State Equalized Value, SEV), determines the tax on public utilities, administers special tax exemptions, and handles the deferment of special assessments.

The line also funds the Assessment and Certification Division which provides staff support to the State Tax Commission and provides for uniform statewide property tax assessments through equalization of assessments. The State Tax Commission also serves as the State Board of Equalization and assumed all of the functions of the former State Assessors Board, which was abolished by EO 2009-51.

The Office of Fiscal Responsibility which assists local governments in financial distress is funded in this line beginning with FY 2011-12 supplemental funding and 10.0 FTEs provided in 2012 PA 89. Funding and 2.0 FTEs were added in FY 2015-16 for Personal Property Tax and Essential Services Assessment Administration.

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| 2. | <u>Property tax assessor training</u> | \$1,040,400 |
| | Classified FTE positions | 4.0 |

This line funds the training and certification of assessors. This responsibility is carried out by the Assessment and Certification Division. MCL 211.10e requires the State Tax Commission to develop and assessors to use an official assessor's manual. Section 907 in Part 2 of this bill establishes the Assessor Certification and Training Fund and limits examination and certification fees. This line is supported entirely by local revenue from assessor training fees. (The State Assessors Board was abolished by EO 2009-51 and all of its functions transferred to the new State Tax Commission, created by the same Executive Order.)

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| 3. | <u>Local finance</u> | \$2,607,000 |
| | Classified FTE positions | 21.0 |

This line supports the Local Audit and Finance Division which oversees the finances of local units of government. A number of statutes set financial requirements and guidelines for local units of government. This Division monitors collection of State taxes by local government, audits units of local government for internal controls and compliance with State requirements, and monitors local debt issuance and deficit elimination plans.

Unit Gross Appropriation	\$18,237,600
Local revenues	2,006,200
State restricted revenues	4,103,600
State general fund/general purpose	12,127,800

Sec. 108 (5) TAX PROGRAMS

This unit supports the Bureaus of Tax Compliance, Tax and Economic Policy, Tax Processing, Health Insurance Claims, Home Heating Assistance, Bottle Act Implementation, and Tobacco Tax Enforcement.

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| 1. | <u>Tax compliance</u> | \$45,075,300 |
| | Classified FTE positions | 340.0 |

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

This line supports the Audit Division and Discovery and Tax Enforcement Division involving tax audit functions, discovery and tax enforcement, and the Multi-State Tax Commission. In FY 2014-15, the budget added new funding of \$250,000 and 2.0 FTEs for a new system to improve data quality and availability at State's data storage warehouse. The FY 2014-15 budget also increased funding by \$600,000 and 6.0 FTEs to expand the Technical Issues Resolution Unit to address changes in tax statutes.

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| 2. | <u>Tax and economic policy</u> | \$11,570,600 |
| | Classified FTE positions | 75.0 |

This line supports the Office of Revenue and Tax Analysis, the Bureau of Tax Policy, Hearings, and Policy Communication Divisions as well as the Legislative Liaison involving research and development of policy related to compliance, customer service, tax processing, assistance to field staff, and promulgation of rules and the Office of Taxpayer Advocate. The budget for FY 2013-14 transferred in \$248,000 for the Office of Taxpayer Advocate and added \$3,000,000 for digital tobacco tax stamps. The budget for FY 2014-15 added \$1.6 million and 9.0 FTE positions for a new office created to test all tax systems. In FY 2015-16 the budget transferred 15.0 FTEs to Tax Processing. Funding and 7.0 FTEs were added for Personal Property Tax and Essential Services Assessment administration.

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| 3. | <u>Tax processing</u> | \$37,376,900 |
| | Classified FTE positions | 331.0 |

This line supports the Return Processing Division involving the processing of tax refunds, developing electronic methods of processing returns, postage costs, IRS match projects, and administration of the Homestead Affidavit Program.

In FY 2014-15 the budget transferred in 126.0 FTE positions and \$12.2 million in funding from the former customer contact line item. This funding and FTE positions provide taxpayer assistance, customer service improvement projects, call center operations, and website content. In FY 2015-16 the budget transferred in 15.0 FTEs from Tax and Economic Policy and 1.0 FTE and \$900,000 from the Office of Collections. The budget for FY 2015-16 also transferred 26.0 FTEs to create the City Income Tax Administration.

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| 4. | <u>Health Insurance Claims Fund</u> | \$2,070,500 |
| | Classified FTE positions | 15.0 |

This line item was added by P.A. 89 of 2012 and continued with full-year funding in FY 2012-13 for administration of the Health Insurance Claims Fund created by P.A. 142 of 2011.

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| 5. | <u>Home heating assistance</u> | \$3,086,200 |
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The Department of Treasury administers the Federal Low Income Heat and Energy Assistance Program (LIHEAP) on behalf of the State and the funding for this line is part of a grant made by the U.S. Department of Health and Human Services-SSA. This line is for the Federally funded cost of administration. The funding for the actual grants to households is in the budget of the Department of Human Services (DHS). Section 908 in Part 2 of this act specifies that this line may only be used to cover the administrative costs of the program.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

6.	<u>Bottle act implementation</u>		\$250,000
		<p>This line supports administration of the Bottle Deposit Fund with dollars from the Fund. Deposits to the Fund are made from unredeemed bottle deposits. The balance in the Fund is distributed annually to the Cleanup and Redevelopment Fund and bottle dealers. Section 910 in Part 2 of this bill authorizes the disbursements from the Bottle Deposit Fund.</p>	
7.	<u>Tobacco tax enforcement</u>		\$1,509,100
		<p>Classified FTE positions</p> <p style="text-align: right;">13.0</p> <p>Note that \$3.0 million in FY 2013-14 for digital tobacco tax stamps is included in the line item for Tax and Economic Policy.</p> <p>The budget included \$1.5 million in FY 2012-13 to provide GF/GP support for tobacco tax enforcement. The program is carried out in conjunction with the Michigan State Police and the Department of Attorney General which also received additional funds for this purpose. The budget for FY 2011-12 included \$3.0 million in State Restricted funds for this purpose, however, the Governor determined that related boilerplate in that year was unenforceable and the appropriation was not spent.</p>	
	Unit Gross Appropriation		\$100,938,600
	Interdepartmental grants revenues		2,356,300
	Federal revenues		3,086,200
	State restricted funds		77,253,000
	State general fund/general purpose		18,243,100

Sec. 108 (6) FINANCIAL AND ADMINISTRATIVE SERVICES

This unit supports the Administrative Services and Financial Services Bureaus.

1.	<u>Departmental services</u>		\$9,180,500
		<p>Classified FTE positions</p> <p style="text-align: right;">88.0</p> <p>This line supports the Budget Office, mail operations, administrative services, forms and documents, purchasing, publications, and the Privacy & Security Office.</p> <p>The FY 2015-16 budget transferred in 1.0 FTE to the Office of Financial Services line item.</p>	
2.	<u>Unclaimed property</u>		\$4,835,300
		<p>Classified FTE positions</p> <p style="text-align: right;">29.0</p> <p>This line supports the Unclaimed Property Division which administers the Uniform Unclaimed Property Act of 1995. The FTEs increased by 5.0 in FY 2011-12 due to workload associated with the revised escheats law.</p>	
3.	<u>Office of collections</u>		\$26,255,100
		<p>Classified FTE positions</p> <p style="text-align: right;">202.0</p>	

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

This line supports the Collections Division including tax collection activities within the Department. The FY 2014-15 budget transferred out \$109,000 and 1.0 FTE to the Department and Budget Services line item and \$746,000 and 3.0 FTEs to the Executive Direction and Operations line item. In FY 2015-16 the budget transferred \$90,000 of funding for an additional FTE position in Tax processing.

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| 4. | <u>Office of accounting services</u> | \$2,491,400 |
| | Classified FTE positions | 24.0 |

This line supports the Finance and Accounting Division which maintains accounting records, processes payments, and prepares year-end financial reports for the Department.

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| 5. | <u>Office of financial services</u> | \$4,478,500 |
| | Classified FTE positions | 38.0 |

This line supports the Receipts Processing Division which provides statewide cash receipting policies and practices and serves as a clearinghouse for all State revenue. In FY 2015-16 the budget transferred 1.0 FTE position to Departmental Services

Unit Gross Appropriation	\$47,240,800
Interdepartmental grant revenues	8,295,500
State restricted funds	35,614,900
State general fund/general purpose	3,330,400

Sec. 108 (7) FINANCIAL PROGRAMS

This unit supports the Bond Finance, Investments, and Student Financial Services Bureaus.

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| 1. | <u>Investments</u> | \$20,594,200 |
| | Classified FTE positions | 82.0 |

The Bureau of Investments is funded by this line. The Bureau oversees the investment of pension funds, common cash, and State restricted funds on behalf of the State. The Bureau is supported by fees from pension trust funds and State restricted funds. Rent expenses for the Bureau are included in this line.

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| 2. | <u>Common cash and debt management</u> | \$1,666,200 |
| | Classified FTE positions | 21.5 |

This line supports the State Finance Division. This Division manages the State cash flow and common cash fund. It also oversees the receipt of outside funding, such as Federal and local funds.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

The issuance of State debt is a major function of the State Finance Division. General obligation bonds are issued on behalf of the State and this Division carries out the bonding process, with the assistance of bond counsels, financial consultants, and banking firms. Required debt service payments are determined and paid by this Division. The School Bond Loan (SBL) Program and the Michigan Underground Storage Tank Financial Assurance (MUSTFA) Act also are administered by the State Finance Division.

In FY 2015-16 the budget transferred 1.0 FTE to Tax Processing

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| 3. | <u>Dual enrollment payments</u> | \$1,507,600 |
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This line was added in FY 2012-13 to provide \$10.0 million GF/GP to implement Public Acts 131-134 of 2012 which require Treasury to pay the tuition costs of eligible nonpublic school students, including home-schooled students, enrolled at postsecondary institutions. In FY 2015-16 the budget increased this line item an additional \$500,000 due to caseload adjustments from the May 2015 Consensus Revenue Estimating Conference.

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| 4. | <u>Student financial assistance programs</u> | \$2,683,300 |
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Classified FTE positions	25.5
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A number of financial assistance programs for students are administered by the Bureau of Student Financial Services, many of which distribute Federal funding in addition to State funding. The programs within this Bureau include the Michigan Education Trust (MET), the Tuition Incentive Program, the Postsecondary Access Student Scholarship Program (for community colleges), the Higher Education Student Loan Authority, and the Higher Education Assistance Authority.

Executive Order 2002-12, issued on July 25, 2002, consolidated the administration and support services of the Higher Education Student Loan Authority and the Higher Education Assistance Authority with that of three other Authorities into the Tax Authority Assistance Division. Prior to this move, the Student Loan and Assistance Authorities and fiscal support had been managed by the Bureau of Student Financial Services. Executive Order 2010-2 consolidated the governance and administration of the bonding aspects of these programs within the new Michigan Finance Authority. The budget for FY 2011-12 moved funding for the Michigan Guaranty Agency from this line to the line item for the Michigan Finance Authority, consistent with Executive Order 2010-2.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

5.	<u>Michigan finance authority - bond finance programs</u>	\$38,856,600
	Classified FTE positions	72.5
	<p>The Michigan Finance Authority was created by Executive Order 2010-2 to combine many of the bonding and borrowing functions of State government and State authorities within one body under a single board. The budget for FY 2010-11 included the MFA as a line item for the first time and appropriated restricted funds and positions previously off-budget as boilerplate appropriations. See also boilerplate Sec. 934. To continue implementation of Executive Order 2010-2, the budget for FY 2011-12 transferred \$36.9 million and 66.5 FTEs from the line item for Student Financial Assistance to this line to fund the Michigan Guarantee Agency which administers Federal student loan guarantee programs.</p>	
6.	<u>John R. Justice grant program</u>	\$288,100
	<p>This line item was added in FY 2010-11 to appropriate Federal funds for a program to provide student loan forgiveness to qualified public defenders and prosecutors. See also Sec. 926.</p>	
7.	<u>Financial independence team</u>	\$3,729,500
	Classified FTE positions	9.0
	<p>This line item was added in FY 2014-15 to fund Treasury's portion of a joint project with the Michigan Department of Education to create a financial independence team to provide support to financially troubled school districts. In FY 2015-16 the budget reduced this line item by \$300,000.</p>	
	Unit Gross Appropriation	\$69,325,500
	Interdepartmental grant revenues	210,500
	Federal revenues	36,143,800
	State restricted funds	25,829,600
	State general fund/general purpose	7,141,600

Sec. 108 (8) DEBT SERVICE

1.	<u>Quality of life bond</u>	\$28,687,000
	<p>This line supports the debt service payments for two general obligation bonds approved by voters in 1988, one for Environmental Protection purposes and one for Recreation purposes. In FY 2016-17 the budget includes scheduled reductions on the outstanding principal bond payments by \$28.7 million and no new bonds issued.</p>	

Environmental Protection bond: Voters authorized the issuance of \$660.0 million in general obligation bonds to support environmental protection activities. Of that amount, there is \$8.5 million in authorization remaining as of September 30, 2015. The enabling legislation for this bond issue is PA 326 of 1988. As of September 30, 2015, the outstanding principal on the Environmental Protection bonds was \$164.8 million.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Recreation bond: Voters authorized the issuance of \$140.0 million in general obligation bonds to support the development of recreation activities and facilities. Bonds have been issued for this entire amount leaving zero in remaining authorization. The enabling legislation for this bond issue is PA 329 of 1988. As of September 30, 2015, the outstanding principal on the Recreation bonds was \$1.2 million.

The FY 2014-15 budget eliminated the use of the Refined Petroleum Fund to pay debt service on the Quality of Life Bond by increasing the GF/GP revenue by \$3.0 million. This is the final fund shift in a three-year phase out of the use of the Refined Petroleum Fund and all future funding for this line item is anticipated to come from the General Fund.

2. Clean Michigan initiative \$89,477,000

This line supports the debt service payments for a general obligation bond approved by voters in 1994. The proceeds for Clean Michigan Initiative (CMI) bonds are used for environmental cleanup, pollution prevention, and redevelopment projects, including nonpoint source pollution control and waterfront redevelopment. Voters authorized the issuance of \$675.0 million in bonds. As of September 30, 2015, \$80.4 million in authorization remains and the outstanding principal on the Clean Michigan Initiative bonds was \$384.8 million. The FY 2016-17 budget includes no new debt payments and \$25.5 million in scheduled increases on the outstanding principal bond payments.

3. Great Lakes water quality bond \$18,873,000

This line supports the debt service payments for a general obligation bond approved by voters in 2002. The proceeds are used for sewage treatment projects, storm water projects, and reducing nonpoint source water pollution. Voters authorized the issuance of \$1.0 billion in bonds of which \$687.5 million remains available as of September 30, 2015. The outstanding principal on the Great Lakes Water Quality bonds was \$194.3 million as of September 30, 2015.

The FY 2016-17 budget includes reductions of \$8.0 million in scheduled payments on the outstanding principal bond payments in addition to new debt service payments totaling \$10.3 million GF/GP increasing the total debt service payment for this bond by \$2.3 million (all GF/GP). The debt service payments for this bond will cover debt service on existing bonds and the additional costs of a proposed \$200.0 million bond issue in FY 2016-17. Spending authority for these bonds are under the Strategic Water Quality Initiative Fund (SWQIF) within DEQ. The bonds are issued under Proposal 2 of 2002 and can be spent on grants and loans to municipalities for groundwater and storm water management. The increases are due to changes in the statute that establishes the SWQIF that makes the grants and loans more attractive to municipalities

Unit Gross Appropriation **\$137,037,000**
State general fund/general purpose 137,037,000

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Sec. 108 (9) GRANTS

- | | | |
|----|--|--------------|
| 1. | <u>Convention facility development distribution</u> | \$90,950,000 |
| | <p>The Convention Facility Development Fund was established by the State Convention Facility Act, Public Act 106 of 1985, to assist local governments in the financing of major convention facilities. Revenue for the Fund is generated by a statewide 4% Liquor Excise tax and an Accommodations tax in Wayne, Oakland, and Macomb counties. The revenue is used to pay the debt service on Cobo Hall in Detroit, make payments to the Detroit Regional Convention Facility Authority, and for payments to Michigan's 83 counties. For FY 2005-06, \$1.0 million was earmarked for the Sports Tourism Fund to offset costs for the Super Bowl (HB 5480). In FY 2009-10, \$9.0 million was appropriated from the 21st Century Jobs Trust Fund related to the transfer of Cobo Hall to a regional authority.</p> | |
| 2. | <u>Senior citizens cooperative housing tax exemption program</u> | \$10,520,000 |
| | <p>The Senior Citizens' Cooperative Housing Tax Exemption Program was established under MCL 211.7d. With general fund dollars, the State pays the property taxes on behalf of a qualified housing facility to the local unit of government. The four qualifications for a facility are:</p> <ul style="list-style-type: none"> a. the housing is owned and operated by a non-profit organization, association, or limited dividend housing corporation; b. the housing is for the elderly, the disabled, or mentally ill; c. the housing has 8 or more residential units; and d. the housing was qualified, built, or financed under Section 202 (capital advances for senior housing) or 236 (multi-family projects) of the National Housing Act of 1959, as amended, or Section 811 of Subtitle B of Title VIII of the Cranston-Gonzales National Affordable House Act (supportive housing for persons with disabilities, P.L. 101-625). | |
| 3. | <u>Emergency 911 payments</u> | \$27,000,000 |
| | <p>The revenue supporting this line is generated by a fee included on all phone bills. The revenue is used to establish and maintain 911 emergency response capabilities. Proceeds from the fee are distributed to counties, the State Police, and suppliers. Public Acts 78 and 79 of 1999 established the program through amendments to the Emergency Telephone Service Enabling Act, PA 32 of 1986, MCL 484.1101 to 484.1717.</p> | |
| 4. | <u>Health and safety fund grants</u> | \$9,000,000 |
| | <p>The fund was established in P.A. 264 of 1987 in the Health and Safety Fund Act in conjunction with an increase to the cigarette tax. Four cents from the cigarette tax is deposited in the fund which is distributed pursuant to statute. This line is for the distribution to counties that have never received a loan authorized under Section 3 (2) or (3) of the Emergency Municipal Loan Act. The distribution is made on a per capita basis. Counties are required to use 12/17^{ths} of the distribution for public health prevention programs and services and 5/17^{ths} for county jail or juvenile facility operations, maintenance, equipment, or construction, or for court operations.</p> | |
| 5. | <u>Beat the Streets</u> | \$100,000 |
| | <p>First included in the FY 2016-17 budget. This funding supports a youth wrestling program aimed at improving the lives of at-risk youths in Detroit. The program started in Detroit in 2009.</p> | |

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

6.	<u>Gianna House</u>	First included in the FY 2016-17 budget. This funding supports the Gianna House located in Eastpointe, MI. This center houses and support teen and crisis pregnancy as well as adoption services.	\$100,000
7.	<u>Plasma Cutter Match</u>	First included in the FY 2016-17 budget. This funding provides matching support for a Plasma cutting machine for the Lenawee ISD.	\$76,000
8.	<u>Student Loan Delinquency Pilot</u>	First included in the FY 2016-17 budget as a one-year pilot program to contract with a provider that provide one-to-one counseling services to individuals delinquent on student loans. The intention is to increase the payments to delinquent student loans. The contract will be issued in an RFP process that is outline in boilerplate section 936.	\$345,600
Unit Gross Appropriation			\$138,091,600
State restricted funds			126,950,000
State general fund/general purpose			11,141,600

Sec. 108 (10) BUREAU OF STATE LOTTERY

1.	<u>Lottery operations</u>	Classified FTE positions	\$24,760,300
			183.0
Article IV, Section 41 of the Michigan Constitution of 1963 authorized lotteries and the Michigan Bureau of State Lottery was established in the McCauley-Traxler-Law-Bowman-McNeely Lottery Act, Public Act 239 of 1972 (MCL 432.1 - 432.47). The lottery is an autonomous agency within the Department of Treasury. The Lottery Commissioner is appointed by the Governor with the advice and consent of the Senate.			

The Bureau is charged with producing “the maximum amount of net revenues for the state consonant with the general welfare of the people” (MCL 432.9). It operates games on a statewide basis and participates in joint enterprises with other states. MCL 432.12 requires that not less than 45% of the revenue be awarded in prizes. In FY 2009-10, approximately 58% of lottery sales revenue was awarded in prizes. All revenues are deposited in the State Lottery Fund, which is the sole fund source for the Bureau. After the payment of prizes, operations of the Bureau, and \$1,000,000 to the Compulsive Gambling Prevention Fund, the net revenue in the State Lottery Fund is credited to the State School Aid fund for the benefit of K-12 schools. The deposit to the School Aid Fund was approximately \$778.4 million in FY 2011-12.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

The Charitable Gaming Division is housed within the Bureau of State Lottery. It was established by Public Act 382 of 1972 (MCL 432.101-432.120). This Division regulates bingo games, raffles, and progressive jackpots which are conducted for charitable purpose. It issues licenses for eligible nonprofit organizations to conduct these games and the fees are established in statute. After deducting the costs of prizes and operations, remaining funds are deposited in the General Fund. The charitable gaming deposit to the General Fund was approximately \$11.3 million in FY 2009-10. Authority for oversight of millionaire parties was transferred by EO 2012-4 to the Michigan Gaming Control Board.

2.	<u>Information technology services and projects</u>	\$5,239,600
	Supports information technology services provided by the Department of Technology, Management, and Budget.	
	Unit Gross Appropriation	\$29,999,900
	State restricted funds	29,999,900
	State general fund/general purpose	0

Sec. 108 (11) CASINO GAMING

1.	<u>Michigan gaming control board</u>	\$50,000
	The Michigan Gaming Control Board was established in the Gaming Control and Revenue Act, (MCL 432.201-432.226), also known as Initiated Law 1 of 1996. The law was the result of a vote of the electorate to establish casino gaming in Michigan. It was modified subsequently by Public Act 69 of 1997. Casino gaming is limited to three casinos in the City of Detroit. The Michigan Gaming Control Board supervises and regulates these casinos. Gaming on Indian Reservations does not fall under the direct oversight of the Board.	
	The Michigan Gaming Control Board has five members who are appointed by the Government to alternating 4-year terms. This line item supports travel, hotel, meeting room, and per diem expenses for the five Board members.	
2.	<u>Casino gaming control administration</u>	\$26,196,700
	Classified FTE positions	132.0
	All operational expenses for Casino Gaming are funded through this line. The agency regulates the operation of the three Detroit casinos, including licensing for vendors, security oversight, testing of slot machines, and inspections of the premises. In addition, EO 2012-4 transferred oversight of millionaire parties, a charitable gaming activity, from the Bureau of State Lottery to the Michigan Gaming Control Board. It works in conjunction with the Departments of Attorney General and State Police.	

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

The agency is supported with annual assessments from the three casinos that are deposited in the State Services Fee Fund. Statute requires that money in the Fund is spent on regulatory and enforcement costs, compulsive gambling programs, casino-related programs and activities, casino-related legal services provided by the attorney general, and the casino-related expenses of the department of state police. Funds must be appropriated by the Legislature and do not revert to the General Fund at the end of the year. Additional fees are also levied on millionaire parties and are deposited into the State Services Fee fund, however, the agency cannot expend more from the fund for oversight than is deposited into the fund from those additional fees.

Duties of the agency related to Indian casinos are limited to overseeing the State-Indian compact provisions. The staff inspects facilities, test gambling machines, and conduct financial audits of the Indian casinos. The agency has two staff persons assigned to this area. The Board members are not involved in this function. The FY 2016-17 increased the administration by 1.0 FTE to ensure that every Indian Tribal casino has an able to have an annual audit.

3.	<u>Casino gaming information technology services and projects</u>	\$2,012,700
	Supports information technology services provided by the Department of Technology, Management, and Budget.	
4.	<u>Racing Commission</u>	\$2,462,600
	Classified FTE positions	10.0
	Executive Orders 2009-45 and 2009-54 transferred horse racing regulation from Department of Agriculture to the Gaming Control Board within the Department of Treasury. The position of Racing Manager is an unclassified position appropriated in the Executive Direction unit. This commission is funded by the Equine Development Fund. In FY 2016-17, the budget transferred horse testing from the Department of Agriculture and Rural development and will contract the testing services with a private provider in the future.	
	Unit Gross Appropriation	\$30,722,000
	State restricted funds	30,722,000
	State general fund/general purpose	0

Sec. 108 (12) Payments in Lieu of Taxes

1.	<u>Commercial forest reserves</u>	\$3,368,100
	Part 511 of the Natural Resources and Environmental Protection Act, Act 451 of 1994 (MCL 324.51101-324.51120), provides a tax incentive to private landowners who retain and manage forest land for long-term timber production, and who apply for and are granted certification as a commercial forest. Commercial forests are exempt from ad valorem property taxes. The owner and the State instead each pay \$1.25 per acre. This rate increased from \$1.20 to \$1.25 in 2012 for FY 2012-13 payments. Pursuant to statute the rate will increase by five cents every five years thereafter. The State payments were first prorated in FY 2009-10. Proration is prohibited beginning in FY 2012-13 due to changes in 2012 PA 604.	

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

2. Purchased lands

\$8,425,100

Article I, Part 21, Subpart 14 of the Natural Resources and Environmental Protection Act, Act 451 of 1994 (MCL 324.2152-324.2154) requires the Department to make ad valorem tax payments, characterized as payments in lieu of taxes, on Department-owned lands purchased on or after January 1, 1933. Public Acts 603 and 604 of 2012 revised several key elements of the program:

- Proration of payments was prohibited beginning in FY 2012-13, however, appropriation of funds is required.
- Beginning in FY 2013-14, the taxable value used for the properties in the program will be the greater of the taxable value computed according to the General Property Tax Act (the value as of the prior December 31) or the lagged taxable value under the purchased land statute.
- Beginning in FY 2013-14, the millage rate used to calculate payments will be the current rate including special assessments.
- Beginning in FY 2013-14, there is the potential for penalties (reductions in payments) to locals for late filing and State-paid penalties for incomplete State payments.

These changes reversed several provisions enacted in 2004 to address the rising cost of the program at that time. Historically, annual increases in the taxable value of property accounted for approximately 65% of the annual increase required to fully fund this obligation and prior to 2004 supplemental appropriations were often required to provide sufficient funding. To address some of these issues, statutory changes enacted in 2004 froze for 5 years the valuation of the lands at their 2004 taxable value, for future land purchases, the value at the time of purchase. The taxable values began adjusting again in 2009 with changes limited to the lesser of the prior year increase in general price level or 5%. The enacted changes also capped the mills that were permitted to be assessed on the DNR-owned property at the amount paid in 2004.

After 2011, payments on land purchased with the Natural Resources Trust Fund are paid entirely from that fund for both school and non-school assessments. Payments on land purchased from other fund sources will be made as before, with school charges from the School Aid Fund, and remaining payments split between relevant restricted funds and GF/GP revenue.

Public Act 31 of 2010 amended the statute to provide for proration of payments in FY 2009-10 only. It also simplified administration of the program by requiring property tax statements to be bundled by county prior to submission. Public Act 118 of 2011 changed the fund sources beginning in 2012 and permitted proration of payments from all fund sources except the Natural Resources Trust Fund. Public Act 603 of 2012 applied penalties to the State for partial payments, essentially reinstating the prohibition on proration.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

3. Swamp and tax reverted lands

\$15,605,600

Article I, Part 21, Subpart 13 of the Natural Resources and Environmental Protection Act, Act 451 of 1994, (MCL 324.2150-324.2151) requires the Department to make payments in lieu of taxes to counties and townships in which there are tax reverted, recreation, and forest lands under the control of the Department, which were purchased prior to January 1, 1933, tax reverted before 1999, or are from a gift or bequest. The payments are set in MCL 324.2150 at a specific rate per acre, with 50% payable to counties, and 50% payable to townships. Public Act 603 of 2012 revised the rate per acre from the current \$2.00 per acre to \$3.00 per acre in FY 2014-15 and \$4.00 per acre in FY 2015-16. Subsequent years would increase by an inflationary adjustment of up to 5%. Statute requires that the payments be made from the General Fund. Much of the swamp and tax reverted land is State forest land. This program covers about 3.5 million acres of land owned by the Department of Natural Resources.

The program was first appropriated in the Treasury budget in FY 2008-09. In prior years, funding was appropriated in the budget for the former Department of Natural Resources. The line item was prorated from FY 2009-10 to FY 2011-12. Supplemental in FY 2012-13 is estimated to eliminate proration in that year. PA 603 prohibited proration of these payments, however, funds must be appropriated annually.

Unit Gross Appropriation

\$27,398,800

Private funds

26,700

State restricted funds

5,177,500

State general fund/general purpose

22,194,600

Sec. 108 (13) REVENUE SHARING

1. Constitutional state general revenue sharing grants

\$757,875,200

Article IX, Section 10 of the Michigan Constitution designates 15% of collections of a 4% sales tax to townships, cities, and villages (not counties). This percentage translates into 10% of the current 6% sales tax. Payment is made in an equal amount per capita based on population as of the decennial federal census. The Constitution states that the Legislature may exclude "persons who are wards, patients, or convicts in any tax supported institution." The Glenn Steil State Revenue Sharing Act, PA 140 of 1971, MCL 141.903, specifies that 50% of the population of such institutions shall be counted for the purpose of determining the grant for a local unit of government.

The initial appropriation for constitutional revenue sharing for FY 2016-17 is based on the sales tax estimate from the May 2016 Consensus Revenue Estimating Conference. The annual payment is estimated at \$76.92 per capita. Actual payments are based on actual sales tax collections. Payments are made six times per year on the last business day of October, December, February, April, June, and August. Each payment is calculated based on the collection from the two-month period that ends on the prior August 31, October 31, December 31, February 28, April 30, and June 30.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

2. City, village, and township revenue sharing [Ongoing funding]

\$243,040,000

This line item distributes nonconstitutional (often called "statutory") revenue sharing to cities, villages, and townships (CVTs). The budget for FY 2016-17 continues the program that was in effect in FY 2015-16. Each CVT that was eligible for a payment in FY 2015-16 is eligible for the same payment amount in FY 2016-17. A CVT must comply with accountability and transparency criteria under Sec. 952 to receive the maximum payment possible. Total funding for the program is \$248,840,000 in FY 2016-17, which consists of \$243,040,000 appropriated in this line item and \$5.8 million in one-time funding appropriated in the unit for One-time Basis Only Appropriations.

The former Economic Vitality Incentive Program (EVIP) was simplified and renamed to City, Village, and Township Revenue Sharing in FY 2014-15. In that year, the budget expanded eligibility to any city, village, or township (CVT) with a revenue sharing population of more than 7,500 and added a per capita payment to the calculation. This increased the number of local governments eligible for payments from 486 in FY 2013-14 to 587 in FY 2014-15. The number of eligible local units remains the same in FY 2015-16 and FY 2016-17.

In FY 2014-15 two alternative payment calculations for statutory revenue sharing were available for CVTs. An eligible CVT could receive the higher of the two calculations, assuming compliance with accountability and transparency requirements. For a CVT that received at least \$4,500 in statutory revenue sharing in FY 2009-10, the payment in FY 2014-15 was equal to 78.51044% of in FY 2009-10 payments. Alternatively, a local unit with a population of more than 7,500 was eligible to receive a payment of \$2.64659 per capita. A local unit that met both prior payment and population criteria was eligible to receive the higher of those amounts. Qualifying for full payment required compliance with accountability and transparency requirements described in Sec. 952, which were simplified with the elimination of EVIP in FY 2014-15. The budget for FY 2015-16 made a CVT eligible for the same amount in FY 2015-16 for which it had been eligible in FY 2014-15, effectively continuing the FY 2014-15 calculation. Similarly in FY 2016-17, the Sec. 952 boilerplate looks back to FY 2015-16. A CVT in FY 2016-17 is eligible for the same amount for which it was eligible in FY 2015-16.

For FY 2011-12 through FY 2013-14, nonconstitutional revenue sharing for eligible CVTs was distributed through the EVIP program. Under EVIP, a CVT that received at least \$4,500 in statutory revenue sharing in FY 2009-10, was eligible to receive a percentage of the prior year payment. An eligible CVT qualified for payment by completing requirements in the categories of accountability and transparency, consolidation of services, and unfunded liabilities. The unfunded liabilities category replaced the employment compensation category for FY 2013-14. The table below summarizes the recent appropriations for this program.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

History of Initial Appropriations EVIP in FY 2011-12 to FY 2013-14 CVT Revenue Sharing in FY 2014-15 to FY 2016-17 With Maximum Payment Calculation (millions)				
	Formula	Ongoing	One-time^{b)}	Total
FY 2011-12 ^{a)}	67.837363% of FY 10 pmt.	\$195.0	\$15.0	\$210.0
FY 2012-13	72.68289% of FY 10 pmt	217.5	7.5	225.0
FY 2013-14	76.18459% of FY 10 pmt	226.3	9.5	235.8
FY 2014-15	Larger of 78.51044% of FY 10 pmt or \$2.64659 per capita	242.0	5.8	248.8
FY 2015-16	Same pmt as prior year	242.0	5.8	248.8
FY 2016-17	Same pmt as prior year	242.0	5.8	248.8
^{a)} Excludes \$5.0 million in FY 2011-12 allocated in boilerplate for the Competitive Grant Assistance Program. ^{b)} One-time funding is appropriated in a separate unit, Sec. 108(17), which is described below. Note: "Pmt" means Payment.				

Sec. 952 specifies that at year-end, CVT revenue sharing appropriations are adjusted by legislative transfer to move unpaid funds (due to CVTs that do not qualify for their full funding amounts because they do not meet all program requirements) to a grant program. The transfer was made to the appropriation for Competitive Grant Assistance Program in FY 2011-12 to FY 2013-14. The year-end transfer for FY 2014-15 moved \$184,400 from the CVT revenue sharing line to the grant program for Financially Distressed Cities, Villages, or Townships. If there are unexpended funds and a transfer is made for FY 2015-16 or FY 2016-17, boilerplate provides for any transfer to go to the appropriation for Financially Distressed Cities, Villages, or Townships.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

3. County Incentive Program

\$43,033,500

Revenue sharing payments to eligible counties are calculated according to a statutory formula and boilerplate sections 952 and 955. Payments are distributed through two line items: County Incentive Program (CIP) and County Revenue Sharing (CRS). When CIP and CRS are considered together, each eligible county that meets all accountability and transparency criteria will receive an increase of nearly 1.0% in FY 2016-17, receiving 100.976% of the payment provided in statute. An eligible county is one that has completed withdrawals from its revenue sharing reserve account, created in 2004 by a one-time acceleration of county property tax collections. In order to receive the maximum total revenue sharing payment, an eligible county must comply with the accountability and transparency requirements of the CIP.

For most counties, the CIP payment for which the county is eligible in FY 2016-17 will be the same as in FY 2015-16. The 1.0% increase in overall revenue sharing payments to counties will be distributed through the CRS line item. The \$93,500 increase for CIP will be used for the increased cost of counties in the first full- or part-year of state-paid county revenue sharing.

For FY 2012-13 to FY 2015-16, CIP distributed 20% of the total funds available for revenue sharing payments to counties and the CRS line distributed 80% of the appropriations. The FY 2016-17 budget reduces the proportion of total revenue sharing available to counties that depends on meeting accountability and transparency requirements from 20% to 19.8% of total revenue sharing appropriations for counties. The increased payments above the statutory formula will be distributed through the CRS line and will not depend on a county meeting accountability and transparency requirements.

The County Incentive Program makes a portion of the State-paid revenue sharing to eligible counties based on incentive requirements. FY 2012-13 was the first year of this program. In FY 2014-15, program requirements were reduced to compliance with accountability and transparency requirements only. These requirements are in Sec. 952. Beginning in FY 2015-16, revenue sharing payments to counties have been funded from ongoing revenue.

County Incentive Program Year-to-Date Appropriation History (millions)			
	Ongoing	One-time	Total
FY 2012-13	\$23.6	\$2.5	\$26.1
FY 2013-14	22.7	6.5	29.1
FY 2014-15	42.2	0.0	42.2
FY 2015-16	42.9	0.0	42.9
FY 2016-17	43.0	0.0	43.0

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

4. County revenue sharing

\$174,234,000

Distributes funds to eligible counties pursuant to the Glenn Steil State Revenue Sharing Act, Public Act 140 of 1971, MCL 141.901 to 141.921 and Sec. 955. Revenue sharing payments to counties are distributed through the County Revenue Sharing line (CRS) and the County Incentive Program.

In 2004, property tax collections by counties were accelerated and the proceeds placed in a revenue sharing reserve account for each county. Beginning in FY 2004-05, counties were directed to make withdrawals from these accounts each year in an amount equal to their FY 2003-04 revenue sharing payment adjusted for inflation. These withdrawals replaced State revenue sharing payments to counties, reducing State costs. When a county depleted its reserve account, it returned to State-paid revenue sharing. "Full funding" of this program pays each county that had depleted its revenue sharing reserve account the amount that it received in revenue sharing in FY 2003-04, adjusted by inflation for each year that the county made withdrawals from its revenue sharing reserve account. Once a county exhausts its revenue sharing reserve account, payments are no longer adjusted for inflation. MCL 141.911(6) authorizes proration of State payments as necessary based on the amount appropriated. Payments to counties were prorated from FY 2008-09 through FY 2013-14. Full funding was appropriated in FY 2014-15 and FY 2015-16. The total revenue sharing appropriations to counties increase to 100.976% of the full funding amount in FY 2016-17. Beginning in FY 2012-13, appropriations from both the CIP and CRS line must be considered in determining the amount of revenue sharing payments for which a county is eligible.

The appropriation for County Revenue Sharing increased by 44.9% in FY 2014-15 due to the elimination of the proration that had been in effect for the program and 11 additional counties (Benzie, Cheboygan, Crawford, Grand Traverse, Lake, Montmorency, Oakland, Ogemaw, Oscoda, Otsego, and Presque Isle) becoming eligible in FY 2014-15 for full- or part-year payments. The increase in County Revenue Sharing of \$2.8 million in FY 2015-16 covered the cost of counties in their first full or part-year of payments. In FY 2016-17, CRS increases by \$2,474,000 of which \$374,000 covers the cost of newly eligible counties and \$2.1 million which provides an increase of nearly 1.0% (0.976%) to all eligible counties.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

State-Paid Revenue Sharing to Counties From Year-to-Date Ongoing and One-time Appropriations FY 2004-05 to FY 2016-17				
	Number of Eligible Counties	County Incentive Program	County Revenue Sharing	Total
FY 2004-05	0	\$0	\$0	\$0
FY 2005-06	0	0	0	0
FY 2006-07	0	0	0	0
FY 2007-08*	1	0	18,854	\$18,854
FY 2008-09	7	0	2,961,840	2,961,840
FY 2009-10	20	0	55,291,700	55,291,700
FY 2010-11	37	0	112,502,927	112,502,927
FY 2011-12	50	0	115,000,000	115,000,000
FY 2012-13**	62	\$26,120,000	104,480,000	130,600,000
FY 2013-14	63	29,152,000	116,608,000	145,760,000
FY 2014-15	74	42,240,000	168,960,000	211,200,000
FY 2015-16	76	42,940,000	171,760,000	214,700,000
FY 2016-17	78	43,033,500	174,234,000	217,267,500
<p>*Tuscola County was the first of the 83 counties to re-enter State-paid revenue sharing. The first year payment is usually a partial year payment. Counties that remain to return to State-paid revenue sharing (with fiscal year of return) are: Alcona and Charlevoix (2017); Keweenaw, Antrim, and Mackinaw (2019); Leelanau (2021); and Emmet (2023).</p> <p>**Beginning in FY 2012-13, the County Incentive Program payments were made to eligible counties as part of the total revenue sharing payments.</p>				

5. Financially distressed cities, villages, or townships

\$5,000,000

This grant program for financially distressed cities, villages, or townships was reduced from total funding of \$8.0 million in FY 2014-15 to \$5.0 million in FY 2015-16. The appropriation was continued at \$5.0 million in FY 2016-17.

This program was established in FY 2014-15. It provides grants of up to \$2.0 million to a city, village, or township that meets conditions of probable financial stress as determined by the Department of Treasury. The grants are for projects that move the local government toward financial stability, such as payments to reduce unfunded accrued liability, to repair or replace critical infrastructure, to reduce debt, for costs associated with a transition to shared services, or other projects. Sec. 956 describes the program.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Financially Distressed Cities, Villages, or Townships Initial Appropriation History (millions)			
	Ongoing	One-time	Total
FY 2014-15	\$5.0	\$3.0	\$8.0
FY 2015-16	5.0	0.0	5.0
FY 2016-17	5.0	0.0	5.0

Unit Gross Appropriation

Sales tax

\$1,223,182,700

State general fund/general purpose

1,223,182,700

0

Sec. 108 (14) STATE BUILDING AUTHORITY

The State Building Authority is authorized to issue and sell bonds and notes for the acquisition and construction of facilities and State equipment. The debt service on the bonds is payable from lease revenue paid by the State pursuant to provisions of the leases. Appropriations for this lease revenue are contained in State Building Authority Rent in the Department of Technology, Management, and Budget (DTMB) while the administrative functions are funded in the Department of Treasury.

1. State building authority

\$725,200

Classified FTE positions

4.0

The FY 2014-15 budget adds this new line item and FTE positions for the administrative functions of the SBA. These functions were transferred to the Department of Treasury from the DTMB pursuant to Executive Order 2013-8.

Unit Gross Appropriation

\$725,200

State restricted funds

725,200

State general fund/general purpose

0

Sec. 108 (15) CITY INCOME TAX ADMINISTRATION PROGRAM

1. City income tax administration

\$5,879,100

Classified FTE positions

49.0

The FY 2015-16 included 50.0 FTEs and \$5.85 million to create the city income tax administration program. The purpose of this program is to allow cities that levy a local city income tax to join the state system. This allows cities to reduce administrative costs while still providing e-file for local income tax returns and verifying personal tax information with the state system. Cities that choose to enter the program pay the city income tax fund for the costs of administering the program and the state then appropriates those funds. The funds cover the total costs for administering the program and no additional General Fund is needed. Starting in FY 2015-16, only the City of Detroit is active in this program.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Unit Gross Appropriation	\$5,879,100
Local revenues	5,879,100
State general fund/general purpose	0

Sec. 108 (16) INFORMATION TECHNOLOGY

1. <u>Information technology services and projects</u>	\$30,813,800
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This line funds the information technology charges paid by the Department to the DTMB. Executive Order 2009-55 transferred the responsibilities of the former Department of Information Technology to the newly combined Department of Technology, Management, and Budget. Previously, Executive Order 2001-3 centralized technology-related positions and functions in the Department of Information Technology (DIT). 140.0 FTEs were initially transferred to the new department from the Department of Treasury. Of these FTEs, 38.0 were from the Bureau of Lottery, 7.0 were from the Michigan Gaming Control Board, and 95.0 were from the Department of Treasury. The funding is appropriated in the originating department and received in DTMB as an interdepartmental grant from user charges. Beginning with FY 2003-04, Lottery and the Gaming Control Board information technology costs are shown in their respective appropriation units.

In FY 2016-17, this line item was increase \$1.6 million to transition the DTMB payment model from an hourly basis to a Rated Service payment model. This new model charges departments by the amount activity of services needed and the degree of services required to complete new projects.

Unit Gross Appropriation	\$30,813,800
IDG	400,000
Federal revenues	625,800
Local revenues	1,213,800
State restricted funds	18,260,700
State general fund/general purpose	10,313,500

Sec. 108 (17) ONE-TIME BASIS ONLY APPROPRIATIONS

1. <u>City, village, and township revenue sharing</u>	\$5,800,000
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This one-time funding combines with the ongoing funding for this program to increase total resources to \$248,240,000. This line item (formerly the Economic Vitality Incentive Program (EVIP)) was revised to have fewer requirements and renamed in FY 2014-15. FY 2016-17 is the sixth year of one-time funding for city, village, and township revenue sharing or its predecessor program EVIP.

**DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

2.	<u>Free Individual E-file</u> The one-time funding was first appropriated in FY 2016-17 to allow for the electronic filing of individual tax returns for free. Prior to this year, there was no way for individuals to electronically file directly to the department. This is intended to increase the rate of individuals filing tax returns electronically.	\$2,842,500
3.	<u>Urban Search and Rescue</u> This one-time funding was first included as ongoing funding in the FY 2015-16 budget to support the urban search and rescue taskforce.	\$500,000
4.	<u>Drinking Water Declaration of Emergency</u> This placeholder allows for contingency funds transfers from the drinking water declaration of emergency reserve fund in the event that funds are required during FY 2016-17. Contingency fund transfer only need approval from the Senate and House appropriation committees instead of supplemental funding, which requires approval by both chambers.	\$100
	Unit Gross Appropriation	\$9,142,600
	State restricted revenue	5,800,100
	State general fund/general purpose revenue	3,342,500

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
OPERATIONS	
901	<p><u>Contingency Funds.</u> Provides that a limited amount of Federal, State Restricted, local, and private revenues that come in during the year, such as a new Federal grant, can be appropriated upon approval of a contingency fund transfer to a line item by the Appropriations Committees of both houses of the Legislature. Contingency fund transfers are limited to the following revenue amounts: \$1,000,000 Federal, \$10,000,000 State Restricted, \$200,000 local, and \$40,000 private.</p> <p>Background: Included since FY 2007-08.</p>
902	<p><u>Debt Service Appropriation.</u> Appropriates amounts needed for interest, fees, rebates, and costs associated with issuance and repayment of notes and bonds, cash flow borrowing, and debt service on the School Bond Loan Fund. Also authorizes the State Treasurer to use repayments on loans from the School Bond Loan Fund to pay debt service on bonds or notes issued by the School Bond Loan Fund Program. These repayments are at the determination of the State Treasurer, unless use of the repayments is directed by statute.</p> <p>Background: This section authorizes the State Treasurer to pay debt service costs on general obligation bonds or notes.</p>
902a	<p><u>Notification of Bond Refinancing or Restructuring.</u> Requires the department to notify the Legislature, the fiscal agencies, and the State Budget Office, within 30 days after issuance of any refunding or restructuring bond issue. The notification is required to include a comparison of the debt service before and after the issuance, the change in the principal and interest for the duration of the debt, and the change in the present value of the debt service due to the refinancing and restructuring.</p> <p>Background: The section was added in FY 2011-12 due to concerns raised over the large increase in debt service appropriations in that budget due to prior restructuring of bonds to achieve debt service reductions in FY 2010-11.</p>
903	<p><u>Tax Collection Contracts.</u> Allows the Department to contract with private collection agencies to collect taxes, defaulted student loans, and other accounts due to the State. Limits collection costs and fees. Requires annual report due November 30.</p> <p>Background: The program began in early 1980s. The contract is bid every 5 years. In FY 2003-04, language was added providing for contractual authority to collect defaulted student loans. FY 2009-10 collections totaled \$158,303,456 collected at a cost of \$24,113,928 or about 15.2% of collections. The section was modified in FY 2011-12 to increase the limit on collection costs for defaulted student loans from 23% to 24.36%, consistent with the allowable costs under Federal policy.</p>
904	<p><u>Investment Service Fee.</u> Allows the Department to charge an investment service fee against retirement funds. Authorizes use of this fee revenue up to the appropriated amount for salaries, wages, and other costs of administering the State retirement funds. Also appropriates, in addition to amounts appropriated in Part 1, sufficient amounts from retirement funds for costs necessary to pay for outside consulting services needed for prudent management of retirement funds (including costs of money managers, investment advisors, consultants, and other outside professionals). Requires an annual report of each advisor's portfolio performance.</p> <p>Background: Allows additional funds to be expended for portfolio management beyond what is already appropriated. Originally targeted for consultants for international investments, but broadened to include all types of investments. All advisors are outside contractors and a report is required on the performance of each contractor.</p>

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
904a	<p><u>Financial Services.</u> Appropriates sufficient funds in boilerplate to pay fees for financial services provided by banks under MCL 21.181. These are funded by restricted revenues from common cash interest earnings, investment earnings, and miscellaneous revenue.</p> <p>Background: First added in 2006-07. MCL 21.181 reads: "That it shall be the duty of the state treasurer to keep the accounts of the treasurer with all banks or depositories where any moneys of the state may be kept or deposited upon the regular books of his office so that each item of all such accounts shall appear therein." This section ensures payment of fees associated with these accounts. The FY 2016-17 budget included miscellaneous revenue to support financial services.</p>
905	<p><u>Municipal Finance Fee Fund.</u> This section creates a revolving fund to receive fees under the Municipal Finance Act. The Fund carries forward and does not lapse to the General Fund.</p> <p>New in FY 2012-13 to provide a mechanism for receiving and spending fee revenue related to the Municipal finance Act.</p>
906	<p><u>Audit Charges.</u> Requires the Department to charge for audits as permitted by State or Federal law and provides for annual report. Designates source of funding for audits appropriated in Part 1. Audits may be performed by Department auditors or by independent contracted CPAs. A report of audits performed and audit charges is required by November 30. Creates a revolving fund for audit charges collected pursuant to contracts with locals. The fund may carry forward.</p> <p>Background: This section refers to the line item "Local finance" in the Local Government Programs Unit in Part 1. The line is partially funded by appropriated revenue from local audit charges. This section requires the Department to bill for audits as permitted by law. The Department does not charge State departments or agencies for the performance of audits. The charges received are from local units of government. Financial audits may be performed by independent CPAs; however, Department staff perform compliance audits. Revenue received from local units of government for audits averages around \$300,000 to \$400,000 per year. The section was modified in FY 2012-13 to create the Audit Charges Revolving Fund. Revenue from audit charges is deposited into the Audit Charges Fund where it can carry forward for future appropriation. The FY 2015-16 budget modified the section to cap the audit charges to the exact cost of performing the audit</p>
907	<p><u>Assessor Certification and Training Fund.</u> Creates the Assessor Certification and Training Fund, a revolving fund to operate the assessor certification and training program. Limits examination fees to \$50 and certification fees to \$175. Fee revenue is deposited into the revolving fund.</p> <p>Background: This section refers to a fund source in the Local Government Programs Unit. The fees collected in the Fund are administered by the New State Tax Commission which assumed the responsibilities of the State Assessors Board pursuant to Executive Order 2009-51. In FY 2004-05 the language was modified to provide for the first fee increase since October 1, 1988. The exam fee was increased from \$25 to \$50, the initial certification fee from \$35 to \$50, Level 1 and Level 2 renewal fees from \$50 to \$75, and Level 3 and 4 renewal fees from \$95 to \$125. In FY 2013-14, the section was changed so that instead of setting the assessor fees, it capped the fees. The State Tax Commission interprets R 209.145 (adopted in 2010) as authority to set fees for assessor exams and certifications. The renewal fee was increased by the State Tax Commission to \$150 in FY 2012-13 and up to \$175 in FY 2013-14.</p>

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
908	<p><u>Heating Assistance Program.</u> Specifies that the Home Heating Assistance program appropriation covers costs of program administration.</p> <p>Background: The Department of Treasury administers the Federally funded home heating credit which assists low income residents with heating costs. The Treasury budget includes \$3,023,400 in Federal funds for the costs of administering this program. Funds for the credits are appropriated in the budget for the Department of Human Services. There have been transfers and supplemental appropriations in the past related to one-time Special Energy Allowances made available by the Federal government.</p>
909	<p><u>Airport Parking Tax Act.</u> Appropriates revenue from the Airport Parking Tax Act for distribution pursuant to that Act.</p> <p>Background: This language section appropriates revenue received under the Airport Parking Tax Act and authorizes the pass-through of those funds. The Airport Parking Tax was established in 1987 to provide financial assistance to Wayne County and the City of Romulus. Public Act 680 of 2002 revised the distribution. MCL 207.377a requires the deposit of the first \$6.0 million of revenue per year in the State Aeronautics Fund, \$1.5 million per year to the City of Romulus, and remaining funds to Wayne County. The State Aeronautics Fund can be used for airport security and safety projects, to provide State match for Federal airport security funds, and to reimburse the Comprehensive Transportation Fund for debt service on bonds issued through 2007. The distribution to Wayne County is required to be used for indigent health care. The funding must be appropriated.</p>

Airport Parking Tax Distributions				
Fiscal Year	Total Distributions	Aeronautics Fund	City of Romulus	Wayne County
1998-99	\$14,676,840		\$1,059,825	\$13,617,014
1999-2000	16,774,530		1,248,667	15,525,863
2000-01	17,521,750		1,299,746	16,222,004
2001-02	14,117,938		1,086,745	13,031,194
2002-03	14,359,024	\$6,000,000	1,669,036	6,689,988
2003-04	14,727,758	6,000,000	1,500,000	7,227,758
2004-05	17,670,273	6,000,000	1,500,000	10,170,273
2005-06	20,196,145	6,000,000	1,500,000	12,696,145
2006-07	21,366,308	6,000,000	1,500,000	13,866,308
2007-08	22,775,662	6,000,000	1,500,000	15,275,662
2008-09	20,052,504	6,000,000	1,500,000	12,552,504
2009-10	19,590,612	6,000,000	1,500,000	12,090,612
2010-11	20,185,300	6,000,000	1,500,000	12,685,300
2011-12	20,584,767	6,000,000	1,500,000	13,084,767
2012-13	21,164,664	6,000,000	1,500,000	13,664,664
2013-14	22,274,834	6,000,000	1,500,000	14,774,834
2014-15	24,809,678	6,000,000	1,500,000	17,309,678

Source: Office of Revenue & Tax Analysis, Michigan Dept. of Treasury

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History																																
910	<p><u>Bottle Deposit Fund.</u> Appropriates the disbursement from Bottle Deposit Fund to dealers.</p> <p>Background: This section authorizes payment of revenue from the Bottle Deposit Fund to retailers that handle deposit returns. The Bottle Deposit Fund Consists of unclaimed beverage container deposits. Of the total unredeemed deposits, 75% goes to the Cleanup and Redevelopment Trust Fund in the Department of Environmental Quality and 25% is returned proportionately to dealers based on the number of empty containers handled. This section appropriates the payments to retailers as required by Initiated Law 1 of 1976 (MCL 445.571-445.576). The amounts shown below are the payments to retailers pursuant to this section.</p> <table style="margin-left: 40px; width: 100%;"> <tr> <td style="width: 20%;">FY 1999-00</td> <td style="width: 20%;">\$5,402,630</td> <td style="width: 20%;">FY 2007-08</td> <td style="width: 20%;">\$2,192,206</td> </tr> <tr> <td>FY 2000-01</td> <td>\$6,047,740</td> <td>FY 2008-09</td> <td>\$3,129,127</td> </tr> <tr> <td>FY 2001-02</td> <td>\$4,549,691</td> <td>FY 2009-10</td> <td>\$4,444,922</td> </tr> <tr> <td>FY 2002-03</td> <td>\$5,393,489</td> <td>FY 2010-11</td> <td>\$4,087,650</td> </tr> <tr> <td>FY 2003-04</td> <td>\$3,017,317</td> <td>FY 2011-12</td> <td>\$4,389,462</td> </tr> <tr> <td>FY 2004-05</td> <td>\$2,766,455</td> <td>FY 2012-13</td> <td>\$5,238,510</td> </tr> <tr> <td>FY 2005-06</td> <td>\$3,160,077</td> <td>FY 2013-14</td> <td>\$5,349,748</td> </tr> <tr> <td>FY 2006-07</td> <td>\$4,052,140</td> <td>FY 2014-15</td> <td>\$5,496,928</td> </tr> </table>	FY 1999-00	\$5,402,630	FY 2007-08	\$2,192,206	FY 2000-01	\$6,047,740	FY 2008-09	\$3,129,127	FY 2001-02	\$4,549,691	FY 2009-10	\$4,444,922	FY 2002-03	\$5,393,489	FY 2010-11	\$4,087,650	FY 2003-04	\$3,017,317	FY 2011-12	\$4,389,462	FY 2004-05	\$2,766,455	FY 2012-13	\$5,238,510	FY 2005-06	\$3,160,077	FY 2013-14	\$5,349,748	FY 2006-07	\$4,052,140	FY 2014-15	\$5,496,928
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911	<p><u>Refundable Income Tax Credits.</u> Appropriates an amount sufficient to pay refundable income tax credits from income tax revenue.</p> <p>Background: This section authorizes a pass-through of funds and the State does not realize any of this revenue. The funding must be appropriated in an annual appropriation bill in order to be distributed.</p>																																
912	<p><u>Writ of Garnishment.</u> (a) Requires that a \$6.00 fee be paid at the time a writ of garnishment of periodic payments is served upon the State Treasurer. (b) The fee is reduced to \$5.00 if writs of garnishment for individual income tax refunds and credits are filed by magnetic media.</p> <p>Background: Part (a) is in statute, MCL 4012(3), "Except as otherwise provided by statute, a plaintiff shall pay a fee of \$6.00 at the time a writ to the garnishee of garnishment of periodic payments is served upon the garnishee." Part (b) is not in statute. It serves as an incentive for local governmental units to use magnetic media for filing.</p>																																
913(1)	<p><u>Senior Citizen Cooperative Housing Appraisals and Assessments.</u> Allows the Department to contract with a private firm to appraise and appeal assessments of senior citizen cooperative housing units. Authorizes the Department to pay for the service out of savings from the appeal process.</p> <p>Background: This section ties to the line item for Senior Citizen Cooperative Housing, a program where the State pays the property tax for qualified housing. This section provides authorization to appeal assessments and spend part of the program funds for that purpose.</p>																																
913(2)	<p><u>Senior Citizen Cooperative Housing Program Audit.</u> Requires a portion of the senior citizens cooperative housing tax exemption program to be used for a program audit. Authorizes up to 1% of program funds to be used for administration and auditing.</p> <p>Background: The section allows for an audit of the entire program, whereas the above section only addresses appeals of assessments. This is a function of the Internal Audit office. The FY 2011-12 budget modified this language from a required audit, to a permissive authority to audit, and required that if an audit is completed, the audit shall be provided to the Legislature.</p>																																
914	<p><u>Rosenthal Prize for Interns.</u> Provides for a \$200 annual prize from the Ehlers Internship Award Account to the runner-up of the Rosenthal prize for interns.</p>																																

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
	<p>Background: The Rosenthal prize of \$500 is awarded to a college intern who worked for the Legislature. The person must be nominated by a legislative office and enrolled in a Michigan college or university. The Ehlers Award is \$200 and given to the runner-up for the Rosenthal prize. A list of prior recipients is available from The Department of Treasury.</p>
915	<p><u>State Campaign Fund.</u> Provides for the appropriation and carry forward of designated amounts to the State Campaign Fund pursuant to the Michigan Campaign Finance Act. Any balance in excess of \$10,000,000 reverts to the General Fund on December 31 of each year.</p> <p>Background: The State Campaign Fund receives the revenue from the \$3 contribution check-off taxpayers may choose on their income tax forms. This section appropriates revenue pursuant to statute. In accordance with MCL 169.261, funds in excess of \$10.0 million revert to the General Fund at the end of the calendar year of a gubernatorial election.</p>
916	<p><u>Unclaimed Property Listings.</u> Provides for sale of customized unclaimed property listings of non-confidential information. Sets fees and deposits revenue. Provides for annual report due June 1.</p> <p>Background: This section provides authorization for the Department of Treasury to charge and collect a fee from companies who charge consumers a finder's fee for searching unclaimed property records.</p>
917	<p><u>Write-Offs and Advances.</u> Appropriates funds for write-offs and advances for departmental programs, not to exceed current year authorizations that would lapse to the General Fund. Requires an annual report that states the amounts appropriated for write-offs and advances.</p> <p>Background: This section was first included in FY 2001-02 in response to a problem regarding Delinquent Property Tax Administration Fund. It was modeled after a section in the Family Independence Agency budget.</p>
919	<p><u>Private Auditing and Collection of Unclaimed Property.</u> (1) Allows the Department to contract with private auditing firms to audit and collect unclaimed property on behalf of the State. Appropriates collection costs up to 12% of revenues collected. (2) Requires an annual report on November 30 on the amount and cost of collections.</p> <p>Background: This section was first included in FY 2002-03. The Department does contract with private firms for collection. The companies are not paid until they identify and remit unclaimed property that are owed to Michigan residents.</p>
924	<p><u>Principal Residence Audit Fund.</u> Appropriates Principal Residence Audit Fund revenue for the administration of homestead property tax exemption audits pursuant to the General Property Tax Act. Requires a report by December 31 of the amount of exemptions denied and the revenue received.</p> <p>Background: This section was first included in FY 2003-04. Modified in FY 2005-06 from Homestead Property Tax Exemption Audit Fund to Principal Residence Audit Fund. Modified in FY 2010-11 to specify the reporting elements.</p>
926	<p><u>John R. Justice Grant Program.</u> Authorizes this Federal grant program appropriated in Part 1 as a work project for up to \$287,700 that is estimated to be completed by September 30, 2017.</p> <p>Background: Added in FY 2010-11 for a new Federal grant to provide student loan forgiveness to eligible public defenders and prosecutors. Modified in FY 2011-12, FY 2012-13, FY 2013-14 and FY 2014-15 to update the work project expiration date and amount.</p>
927	<p><u>Personal Property Tax Audit Reports.</u> Requires an annual report on personal property tax audits.</p> <p>Background: Moved to this section in FY 2010-11. Previously the report was in Section 947(1).</p>

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
928	<p><u>Services to State Departments and Agencies.</u> Allows the Department to provide cash processing, cash handling, warrant processing, writ of garnishment, or other user services on a contractual basis to State departments and State agencies. Appropriates funds for services provided to support costs incurred by the Department. Unobligated funds (e.g. garnishment fees) revert to the General Fund.</p> <p>Background: This refers to the Receipts processing line item in the Banking and Management Services unit. It authorizes a chargeback of the above services provided to other departments by the Department of Treasury. There are written contracts with some of the departments for these services, although some pay the bills without a contract agreement. To date, there has not been revenue remaining at the end of the fiscal year to revert to the General Fund.</p>
930	<p><u>Accounts Receivable Collection Services.</u> Requires the Department to provide accounts receivable collections services to other departments and State agencies. Provides for fee and requires annual report by November 30.</p> <p>Background: This service is provided through a contract with GC Services. In FY 2011-12, about \$135.5 million was collected at a cost of \$10.7 million, approximately 7.9% of collections. This is a chargeback for services provided to other departments, including collection of Driver Responsibility fees for the Secretary of State.</p>
931	<p><u>Treasury Fees.</u> Provides for receipt and expenditure of investment fees for current and new restricted funds that receive common cash earnings or other investment income. Fees are to cover all costs of investing the funds. Investment fees assessed against restricted funds will be based on the absolute value of the average daily cash balance, the market value of investments in the prior fiscal year, and the level of effort necessary to maintain the restricted fund. Requires an annual report on November 30, identifying the fees assessed against each fund.</p> <p>Background: A list of the Treasury fees fund sources included in Part 1 was previously included in this section. In FY 2002-03, the section was amended to require the list in an annual report instead of including it in this appropriation bill. Modified FY 2005-06 to provide for receipt and expenditure of investment fees and assessing fees against restricted funds.</p>
932	<p><u>Michigan Education Trust Act.</u> Revenue received under the Michigan Education Trust Act may be used for salaries, supplies, contracted services, etc.</p> <p>Background: This use of funds is one of the authorized purposes under MCL 390.1429.</p>
934	<p><u>Michigan Finance Authority.</u> Authorizes the Department to expend revenue received for various bonding programs for necessary expenses of the programs. Requires a report by January 31 on expenditures made from funds received in addition to those appropriated in Part 1.</p> <p>Background: This section was new in FY 2010-11. It reflected Executive Order 2010-2 which combined most bonding programs under the Michigan Finance Authority Board and centralized administration in the Department of Treasury. It also moved funding for the program from boilerplate to a line item, leaving this receive and expend authority. The Michigan Finance Authority covers responsibilities under the Hospital Finance Authority Act, the Shared Credit Rating Act, the Higher Education Facilities Authority Act, the Michigan Public Educational Facilities Authority, the Michigan Tobacco Settlement Authority Act, Land Bank Fast Track Act, the Natural Resources and Environmental Protection Act, and the Michigan State Housing Development Authority Act. The FY 2011-12 budget changed the report date to January 31, 2012 for prior fiscal year activity.</p>
935	<p><u>Dual Enrollment.</u> Requires the distribution of appropriations for dual enrollment for eligible nonpublic school students pursuant to the statutory authority for the program.</p> <p>Background: This section was added in FY 2013-14 to link the appropriation in Part 1 with the Post-Secondary Enrollment Options Act, MCL 388.511 to 388.524, and the Career and Technical Preparation Act, MCL 388.1901 to 388.1913.</p>

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
936	<p><u>Student Loan Delinquency Pilot.</u> Outlines the RFP process for selecting the provider that will pilot the one-on-one counseling services for student loan delinquency. This section also outlines the status report to measure the performance of the pilot.</p> <p>Background: First included in the FY 2016-17 budget.</p>
937	<p><u>Michigan Accounts Receivable Collection Systems Report.</u> Requires a new report on Michigan's accounts receivable collection system for long term delinquent accounts. The report includes, information on the effectiveness of vendors, amounts referred to vendors, the liquidation rate, amount of delinquent accounts, long term strategies, and a summary of the strategies that other states use to track delinquent accounts.</p> <p>Background: First included in the FY 2016-17 budget.</p>
940	<p><u>Capital Historic Funding.</u> Language gives authority to the Treasurer to fully fund the state capital historic fund for the full amount appropriated in the restoration, renewal, and maintenance line item in the Legislature budget. This is above the amount required in statute.</p> <p>Background: First included in the FY 2016-17 budget, however, in the Governor's signing statement he did not recognize this section as enforceable.</p>
941	<p><u>MEGA report.</u> Requires cooperation with the Department of Talent and Economic Development on an annual report due November 1, on the projected costs of the various outstanding tax credits. The report includes the total original credit amounts issued for each year, total adjustments made to credits, the actual and projected value for each year from 1995 to the expiration of the programs. Each year shall include the amount claimed, certified, and pending. Projections will be based on the estimates of employees, wages, and benefits.</p> <p>Background: First included in the FY 2016-17 budget.</p>
944	<p><u>Pension Plan Consultant.</u> Requires that any report given to the department by a pension plan consultant be provided to the subcommittees on general government, the fiscal agencies and the state budget director.</p> <p>Background: First included FY 2008-09. Modified in FY 2010-11 to change the timing of the report to annually (instead of within 30 days). Modified in FY 2015-16 to require that the reports be retained and made available upon request by the legislature while removing the reporting requirement.</p>
945	<p><u>Assessment Administration.</u> Provides that Treasury may conduct a review of local unit assessment administration practices, procedures, and records in at least one assessment jurisdiction per county.</p> <p>Background: First included FY 2005-06. Modified the audit in FY 2015-16 from a 14-point review audit to an audit of minimum assessing requirements review for each county.</p>
946	<p><u>Convention Facility Development Fund.</u> This new language requires collections into the fund to be distributed according to Sections 8 and 9 of the State Convention Facility Development Act, 1985 PA 106. Funds may be distributed for certain State purposes and to local government units for use to acquire, construct, improve, enlarge, renew, replace, or lease a convention facility and to repair, furnish, or equip a facility in conjunction with the aforementioned activities. Funds also may be used to refinance one of the above activities. If the local unit of government is a metropolitan authority, the funds may be used for any purpose authorized under the Regional Convention Facility Authority Act, 2008 PA 554.</p> <p>Background: First included FY 2014-15.</p>
947	<p><u>Financial Independence Team.</u> This language creates a financial independence team to cooperate with the fiscal responsibility section to coordinate and streamline efforts in identifying and addressing fiscal emergencies in local and intermediate school districts.</p> <p>Background: First included FY 2014-15.</p>

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
948	<p><u>Legacy Costs.</u> This language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimate of the amount of pension-related legacy costs. For FY 2014-15, pension-related legacy costs are estimated at \$26,860,700 and retiree health care legacy costs are estimated at \$21,775,800. For FY 2015-16, pension-related legacy costs are estimated at \$26,422,100 and retiree health care legacy costs are estimated at \$20,129,200. For FY 2016-17, pension-related legacy costs are estimated at \$27,530,500 and retiree health care legacy costs are estimated at \$22,121,300.</p> <p>Background: First included FY 2014-15.</p>
949	<p><u>Income Tax Fraud Prevention.</u> Allows \$1.6 million in delinquent tax revenue to be used towards contracting with a private agency or fund operations that prevent the disbursement of fraudulent tax refunds. Of the funds that have been prevented from being disbursed to fraudulent returns, up to \$1.6 million can be used towards this effort. Also, requires a report to the Legislature on the amount of fraudulent tax returns that were stopped due to this effort.</p> <p>Background: First included as supplemental funding in FY 2014-15. The FY 2015-16 budget moved the funding to this boilerplate section as well as add the reporting requirement.</p>
949b	<p><u>City Income Tax Administration Program.</u> This language allows the Department to work with cities to operate e-file tax returns for city governments. The section also includes benchmarks to measure progress.</p> <p>Background: First included FY 2015-16.</p>
949d	<p><u>Financial Review Commission.</u> This section requires that funds used for the Financial Review Commission be used to ensure that the city of Detroit does not reenter financial distress, it also includes benchmarks that should be used to measure progress.</p> <p>Background: First included FY 2015-16. PA 183 of 2014 created the Financial Review Commission as part of the Detroit bankruptcy package to ensure that the City of Detroit follows the statute.</p>
949e	<p><u>Essential Services Assessment Program.</u> This section requires that the funds used for the Essential Services Assessment Program be used to phase-in the new state essential services assessment.</p> <p>Background: First included in FY 2015-16. The state essential services assessment is the replacement for the locally collected personal property tax.</p>
949f	<p><u>Tobacco Tax Revenue.</u> Allows tobacco revenue that is collected from Wayne county, to be distributed according to PA 327 of 1993.</p> <p>Background: First included in FY 2015-16. Tobacco tax revenue had been used in Wayne county to support an indigent care program in the county. That program's Federal funding had been removed and this language was added to allow the funds to be moved to a different indigent care program in the county.</p>
949g	<p><u>Urban Search and Rescue Task Force.</u> This section places reporting requirement on the urban search and rescue task force. Reporting requirements must be met before the task force can receive the \$500,000 one-time appropriations.</p> <p>Background: First included in FY 2015-16</p>

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
REVENUE SHARING	
950	<p><u>Constitutional Revenue Sharing.</u> States that the appropriation in part 1 for constitutional revenue sharing payments is in accordance with Article IX, Section 10 of the Michigan Constitution and appropriates additional revenue in excess of the amount appropriated in part 1 for constitutional revenue sharing to meet the constitutional obligation. Under the Constitution, 15% of sales tax revenue received at a tax rate of 4% is distributed on a per-capita basis to cities, villages, and townships.</p> <p>Background: Prior to FY 2011-12, this section included direction for statutory revenue sharing, which in recent years has been adjusted annually in boilerplate. That boilerplate was removed in FY 2011-12 and replaced with Sec. 952 which describes the Economic Vitality Incentive Program in effect from FY 2011-12 through FY 2013-14 and the City, Village, and Township Revenue Sharing program in effect for FY 2014-15 through FY 2016-17.</p>
952	<p><u>Nonconstitutional Revenue Sharing Formula and Incentive Program Requirements.</u> This section sets the maximum payment amounts and the incentive requirements for payments from the City, Village, and Township Revenue Sharing program or the County Incentive Program. Funds not claimed under these programs carry forward in a work project for use (after a legislative transfer) for grants to Financially Distressed Cities, Villages, or Townships.</p> <p>For CVTs: An eligible CVT can receive the same amount in FY 2016-17 as it was eligible for in FY 2015-16. This essentially maintains the FY 2014-15 calculation which set the maximum payment to an eligible city, village or township (one that received at least \$4,500 in statutory revenue sharing in FY 2009-10 or has a population of more than 7,500) at 78.51044% of the statutory revenue payment received in FY 2009-10 or a payment of \$2.64659 per capita, whichever is larger.</p> <p>For Counties: An eligible county can receive 20% of its total statutory revenue sharing payment <i>calculated according to the statutory formula</i> through the County Incentive Program. This sets the maximum CIP payments in FY 2016-17 for each county at the same level as in FY 2015-16.</p> <p>Incentive Requirements: The grants are available to eligible CVTs and counties that satisfy accountability and transparency requirements:</p> <p>Accountability and Transparency. Requires each eligible CVT or county to certify by December 1 or the first day of a payment month for this category that it has completed a citizen's guide to local finances. This guide must include:</p> <ul style="list-style-type: none"> • a listing of unfunded liabilities • a performance dashboard • a debt service report that details debt service requirements including: <ul style="list-style-type: none"> ○ issuance date and amount ○ type of debt instrument ○ list of revenues pledged for repayment ○ list of annual payment amounts until maturity • a projected budget report including revenues and expenditures for the current and next fiscal year and an explanation of assumptions. <p>Language added in FY 2015-16 requires that an eligible CVT or county include in any mailing of general information to its citizens the website address or physical location where the accountability and transparency reports can be viewed. Copies of the accountability and transparency reports must be submitted to Treasury.</p> <p>Payment Dates: Payments are made on the last business day of October, December, February, April, June, and August. The October payment is made to all eligible local units. The remaining payments are only made to local units that have submitted the certification of compliance to the Department of Treasury by the first day of the payment month.</p>

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
	<p>Background: The Economic Vitality Incentive Program (EVIP) program was added in FY 2011-12 to replace statutory revenue sharing for cities, villages, and townships with a program to encourage accountability and transparency, consolidation of services, and plans for limiting some types of employee compensation (replaced in FY 2013-14 only with a plan to reduce unfunded accrued liabilities). The EVIP was renamed to City, Village, and Township Revenue Sharing in FY 2014-15 and the requirements were simplified.</p> <p>The incentive program was expanded to eligible counties in FY 2012-13. The share of revenue sharing payments to counties distributed according to the incentive program is determined by the appropriations for the incentive program and the county revenue sharing program. For FY 2012-13 to FY 2015-16, 20% of the total State revenue sharing payments to counties has been distributed through the County Incentive Program. This is changed slightly for FY 2016-17 as the total appropriations for counties increased and the amount for the CIP stayed the same as in FY 2015-16.</p> <p>In FY 2011-12:</p> <ul style="list-style-type: none">• The section allocated \$5.0 million from the EVIP appropriation to the Competitive Grant Assistance Program for competitive grants to encourage mergers, interlocal agreements, and consolidation of services. The Competitive Grant Assistance Program was moved to Sec. 951 for FY 2012-13 and FY 2013-14, and eliminated in FY 2014-15.• Sec. 1201 made one-time appropriations for EVIP in FY 2011-12.• The maximum payment to CVTs was 67.837363% of the FY 2009-10 statutory revenue sharing payment.• Mid-year revisions amended the incentive program requirements and deadlines. <p>In FY 2012-13:</p> <ul style="list-style-type: none">• Counties were added to the incentive program.• The maximum payment to CVTs was increased to 72.68289% of the FY 2009-10 statutory revenue sharing payment. <p>In FY 2013-14:</p> <ul style="list-style-type: none">• Replaced the Employment Compensation category with the Unfunded Liabilities category.• Increased the maximum payment to CVTs to 76.18459% of the FY 2009-10 statutory revenue sharing amount.• Expanded the debt service reporting requirements of Category 1.• Added innovation and privatization projects as eligible projects under consolidation of services.• Mid-year revisions extended a certification date from October 1 to December 1 and revised the requirements for the unfunded accrued liability plan. <p>In FY 2014-15:</p> <ul style="list-style-type: none">• Renamed the CVT program to City, Village, and Township Revenue Sharing.• Expanded eligibility to CVTs with a revenue sharing population of more than 7,500 and/or a FY 2009-10 statutory revenue sharing payment of at least \$4,500.• Modified the payment calculation for eligible CVTs to the larger of 78.51044% of the FY 2009-10 payment (a 3.1% increase) or \$2.64659 per capita.• Reduced incentive requirements for CVTs and counties to accountability and transparency only. Eliminated the requirements for consolidation of services and unfunded accrued liabilities.

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
	<p>In FY 2015-16:</p> <ul style="list-style-type: none">• Eligible CVTs, payment calculation, and maximum payment amounts are the same as in FY 2014-15.• Specified that debt service payments must be reported for each year until maturity of the debt.• Required that eligible local governments include the internet address or physical location of transparency reports in any general interest mailing to local residents. <p>In FY 2016-17:</p> <ul style="list-style-type: none">• The CIP payment is calculated as 20% of the formula amount under the Glenn Steil State Revenue Sharing Act. This is slightly less than 20% of the total appropriations for counties because total appropriations for revenue sharing payments to counties are 100.976% of the statutory formula amount.
955	<p>County Revenue Sharing. Appropriates to each county the difference between 100.976% of the amount the county is eligible for pursuant to the Glenn Steil State Revenue Sharing Act less the amount the county is eligible for from the County Incentive Program. The total amount of State payments is prorated to the amount appropriated. Requires the Department of Treasury to certify annually the amount that each county is authorized to withdraw from its reserve fund.</p> <p>The amount a county is eligible for under the Glenn Steil State Revenue Sharing Act is the amount the county was eligible for in FY 2003-04, adjusted by inflation for the years the county was making withdrawals from the restricted reserve fund, and reduced by the amount the county was authorized to withdraw during the year from its revenue sharing reserve fund.</p> <p>Background: This section was first included in FY 2004-05. At that time, counties were required to accelerate property tax collections and use the proceeds to create a revenue sharing reserve fund. Counties make withdrawals from their reserve funds to replace State revenue sharing payments. When the reserve fund is exhausted, a county returns to State-paid revenue sharing. The timing of a county's return to State-paid revenue sharing varies considerably depending on a county's relative reliance on local property taxes and the importance of revenue sharing payments in the county budget. Withdrawal amounts from the reserve fund are established annually by Treasury. During the period where a county makes reserve fund withdrawals, withdrawal amounts increase by inflation. For counties in State-paid revenue sharing, no inflationary increases are required by statute.</p> <p>The section was revised in FY 2016-17 to specify that a county is eligible for more than the payment amount specified by statute. The language was added that calculated the payment as the difference between 100.976% of the statutory amount and the amount the county is eligible for under the County Incentive Program.</p> <p>In FY 2011-12, 50 counties were in the State-paid county revenue sharing program. An additional 12 counties returned to revenue sharing in FY 2012-13 and one in FY 2013-14. Another 11 counties re-entered State-paid revenue sharing in FY 2014-15, two in FY 2015-16, and two in FY 2016-17, making 78 of 83 counties eligible for State payments in FY 2016-17.</p>

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
956	<p>Financially Distressed Cities, Village, or Townships. Directs Treasury to make grants of up to \$2.0 million to cities, villages, or townships that have signs of probable financial distress as determined by the Department of Treasury. No city, village, or township can receive more than \$2.0 million under the program. The funds are for projects that move the local government toward financial stability, including but not limited to: reductions in debt, reduction in unfunded accrued liabilities, repair or replacement of critical infrastructure owned or maintained by the local government, or costs associated with a transition to shared services with another jurisdiction. The Department is required to report by March 31 on approved awards and projects. Unused funds would remain in a work project through September 30, 2021. Sec. 952 allocates unused funds from the City, Village, and Township Revenue Sharing Program and the County Incentive Program to the line item for Financially Distressed Cities, Villages, or Townships upon approval of a legislative transfer.</p> <p>Background: Added in FY 2014-15.</p>
LOTTERY	
960	<p><u>Lottery Operations Additional Appropriations.</u> Appropriates Lottery revenue to implement and operate lottery games under the McCauley-Traxler-Law-Bowman-McNeely Lottery Act, 1972, PA 239, MCL 432.1 to 432.47 and the Traxler-McCauley-Law-Bowman Bingo Act, 1972 PA 382, MCL 432.101 to 432.120. Lottery costs include contractually mandated vendor commissions, payments for instant tickets for resale, costs of providing on-line communications network and incentive, and bonus payments to lottery retailers.</p> <p>Background: This section provides the authority for expenditures related to sales volume. The Bureau of Lottery maintains individual accounts for each purpose listed in the section. In FY 2012-13 statutory references were added.</p>
963	<p><u>Department of Human Services Bridge Cards.</u> Requires the Bureau of State Lottery to inform retailers that the cash side of DHS bridge cards cannot be used to purchase lottery tickets.</p> <p>Background: First included in FY 2004-05.</p>
964	<p><u>Lottery Promotion.</u> This section allows 1% of gross lottery sales from the previous year or \$25 million to go towards lottery promotion and advertisement.</p> <p>Background: This funds the advertising and marketing expenses of the Bureau in promotion of the Lottery games. The line item was increased by \$931,100 or 5.3% in FY 2012-13, restoring a cut of 5% made in FY 2010-11.</p> <p>In FY 2015-16, the funding was moved to this boilerplate section. Previous to that, the line item funded lottery promotion and advertisement at \$18,622,000. In FY 2016-17, the cap on total amount that can be used towards lottery promotion and advertisement was increased from \$23 to \$25 million.</p>
CASINO GAMING	
971	<p><u>Compulsive Gaming Prevention Fund.</u> Provides that \$2,000,000 of revenue collected from total annual assessments of each casino licensee, shall be deposited in the Compulsive Gaming Prevention Fund.</p> <p>Background: This section is pursuant to the Michigan Gaming Control and Revenue Act, MCL 432.212a, which requires an appropriation to deposit \$2 million into the Compulsive Gaming Prevention Fund. This Fund is used for programs combating gambling addiction. The Fund is administered and spent by the Department of Community Health.</p>

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
973	<p><u>Native American Gaming Compacts.</u> (1) Allows funds from the Local Government Programs section to be used to assist local revenue sharing boards. (2) Requires local revenue sharing boards to comply with the Open Meetings Act and the Freedom of Information Act. (3) Authorizes county treasurers to receive and administer funds on behalf of the local revenue sharing board. Funds appropriated in part 1 for local government programs may be used for audits of local revenue sharing board funds. Local units are not limited by this language in entering into agreements with federally recognized tribes for financial assistance or shared services. (4) Requires a local revenue sharing board to comply with an agreement under the Indian Gaming Regulatory Act (IGRA), Public Law 100-497, including the disbursement of tribal casino payments pursuant to a gaming compact. (5) The directors of State Police and Michigan Gaming Control Board (MGCB) may assist local revenue sharing boards in determining allocations to local public safety organization. (6) Requires the Michigan Gaming Control Board to report by September 30 on receipts and distribution of revenue.</p> <p>Background: This section was first included in FY 2000-01. It only applies to Indian gaming compacts with local revenue sharing boards. The language responded to local concerns over the way the 2% revenue from the casinos to local units was being allocated. The three board members are all local government officials and not from the tribe. The language is intended to clarify the spending authority of the boards. Modified in FY 2005-06 to include the state budget director on the list of report recipients. Revised in FY 2011-12 to add (4), required compliance with an agreement under IGRA, including payments pursuant to a contract. Modified in FY 20014-15 to change reporting requirement from the Department of Treasury to the Michigan Gaming Control Board.</p>
974	<p><u>State Services Fee Fund Shortfall.</u> In the case of a shortfall in the state services fee fund (revenue insufficient to support appropriations from the fund), available revenues are to fund casino gaming regulation before any distribution is made to other agencies. The amount of shortfall shall be distributed proportionally among other agencies.</p> <p>Background: This section was first included in FY 2002-03. This section prioritizes the needs of the MGCB above those of other departments or agencies for distributions from the State Services Fee Fund. Any shortfall would be divided among the other departments and not incurred by the MGCB. It is unclear what impact this section would have on appropriations from the State Services Fee Fund in the Department of Agriculture budget, which is included in a separate appropriation bill. Appropriations from the State Service Fee Fund are authorized by the Michigan Gaming Control and Revenue Act, MCL 432.212a.</p>
976	<p><u>Horse Racing Rewards.</u> Allows the Director of the Michigan Gaming Control Board to pay rewards of up to \$5,000 out of the Office of Racing Commission line item for information that results in a criminal conviction for a crime that involves the horse racing industry.</p> <p>Background: Transferred to the budget in FY 2010-11 from Department of Agriculture due to Executive Order 45/54. Revised in FY 2011-12, to update references to the programs as it exists in Treasury after implementation of the executive order. In addition the reward amount was reduced from \$5,800 to \$5,000.</p>
977	<p><u>Horse Racing Proration.</u> Requires all appropriations from the Equine Industry Development Fund except Racing Commission and Laboratory Analysis to be prorated proportionately in the case of a revenue shortfall.</p> <p>Background: New in FY 2010-11.</p>
978	<p><u>Determination of Horse Racing Regulatory Costs.</u> Requires the calculation of the regulatory costs of racing. Limits reimbursement to the MGCB to the actual regulatory cost. Provides for consultation between the MGCB and certified horsemen's organizations in the case of a revenue shortfall. Allows race dates to be reduced in the case of a shortfall.</p>

**DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII**

Section Number	Description and History
979	<p>Background: This language was included in 2010 PA 66, and then added to the budget for FY 2010-11. In FY 2009-10, a contingency fund transfer was used to appropriate a contribution from a horseman's organization to cover regulatory costs needed to continue scheduled race dates.</p> <p>Millionaire Party Oversight. Authorizes spending by Gaming on licensing and regulation of millionaire parties (part of charitable gaming activities). Caps spending at \$4.0 million. Requires a report to the Legislature by April 15 on regulatory spending, enforcement actions, and steps to ensure that charities receive the revenue due to them.</p> <p>Background. This section was added in FY 2012-13. Regulation of millionaire parties was transferred from the Bureau of State Lottery to the Gaming Control board by EO 2012-4.</p>
STATE BUILDING AUTHORITY (SBA)	
1101	<p>State Building Authority – Advances. Provides for advances from the General Fund prior to sale of bonds.</p> <p>Background: Transferred to the Treasury budget in FY 2014-15 from DTMB to coincide with the transfer of the funding for the administrative functions of the SBA to Treasury pursuant to Executive Order 2013-8. The appropriations for SBA rent to pay debt service on State-financed construction projects is still contained in the DTMB budget.</p>
1102	<p>State Building Authority - Excess Revenue. Provides that facility revenue in excess of operation costs shall be credited to the retirement of bonds.</p> <p>Background: Transferred to the Treasury budget in FY 2014-15 from DTMB to coincide with the transfer of the funding for the administrative functions of the SBA to Treasury pursuant to Executive Order 2013-8. The appropriations for SBA rent to pay debt service on State-financed construction projects is still contained in the DTMB budget.</p>
1103	<p>State Building Authority - Report. Requires SBA to provide the Joint Capital Outlay Committee and the fiscal agencies with an annual report on the status of construction projects as of September 30 each year. The report shall be submitted by October 15, or not more than 30 days after a refinancing or restructuring bond issue is sold.</p> <p>Background: Transferred to the Treasury budget in FY 2014-15 from DTMB to coincide with the transfer of the funding for the administrative functions of the SBA to Treasury pursuant to Executive Order 2013-8. The appropriations for SBA rent to pay debt service on State-financed construction projects is still contained in the DTMB budget.</p>
REVENUE STATEMENT	
1201	<p>Fund Balances and Estimated Revenues. Provides an estimate of revenues and balances for all operating funds, pursuant to Article V, Section 18 of the Michigan Constitution.</p> <p>Background: Longstanding boilerplate section in the Treasury budget to meet the constitutional revenue reporting requirement.</p>

DEPARTMENT OF TREASURY
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII

Section Number	Description and History
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PART 2A

PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS FOR FISCAL YEAR 2014-2015

1201 **FY 2015-16 Intent, Language.** States legislative intent that the budget for FY 2017-18 for the line items listed in part 1 will be the same as the FY 2016-17 budget, adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. The adjustments will be determined after the January 2017 consensus revenue estimating conference.

Background: Language first included in all budgets in FY 2011-12 and continued in FY 2012-13, FY 2013-14, FY 2014-15, and FY 2015-16.

The maximum payment (under both the CIP and CRS line items) is 100.976% of the amount by which a county's revenue sharing reserve fund is less than the amount of its revenue sharing payment in FY 2003-04, adjusted for inflation only for those years for which the county made withdrawals from its revenue sharing reserve fund.

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL**
**2016 PA 268
Article VIII
FY 2016-17
Initial**
Sec. 109 (1) APPROPRIATION SUMMARY

1. <u>Unclassified full-time equated (FTE) positions</u> - Positions exempted from the classified State civil service under Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, and a limited number of policy-making positions in departments.	6.0
2. <u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	1,609.0
3. <u>GROSS APPROPRIATION</u> - Total appropriations	\$1,145,994,300
4. <u>Interdepartmental Grants (IDG)</u> - Funds that are appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and is therefore subtracted from the Gross Appropriation to avoid double counting total Statewide appropriations.	0
5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	1,145,994,300
6. <u>Federal revenue</u> - Funding allocated to the State by the Federal government.	768,144,800
7. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	500,000
8. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	5,619,000
9. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.	192,341,600
10. <u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on its used.	179,388,900
11. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that are allocated to local units of government.	11,224,800

Sec. 109 (2) EXECUTIVE DIRECTION

Note: Executive Order 2014-12 created the Department of Talent and Economic Development.

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

1.	<u>Unclassified positions</u>	\$897,400
	Unclassified FTE positions	6.0
	This line only funds the salary for the unclassified positions. The positions funded through this line are the Executive Director of the Department of Talent and Economic Development, the Director of the Michigan State Housing Development Authority, the Director of the Talent Investment Agency, and three Deputy Directors for Legislative Affairs, Finance & Operations, and Communications.	
2.	<u>Executive direction and operations</u>	812,900
	Classified FTE positions	1.0
	This line item funds the executive office of the Department of Talent and Economic Development and the costs of fringe benefits for the unclassified positions.	
	Unit Gross Appropriations	\$1,710,300
	Federal revenues	1,179,200
	State restricted funds	400,800
	State general fund/general purpose	130,300

Sec. 109 (3) MICHIGAN STRATEGIC FUND

Note: E.O. 2014-12 transferred the Michigan Strategic Fund from Department of Treasury by E.O. 2014-12.

1.	<u>Administration services</u>	\$5,743,600
	Classified FTE positions	34.0
	This unit provides funding for the central administrative staff and operations of this Agency including personnel, budgeting, and finance. E.O. 2014-12 transferred 12.0 FTEs as well as Federal funding and state restricted funds for those positions from the Department of Licensing and Regulatory Affairs.	

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL

2016 PA 268
Article VIII
FY 2016-17
Initial

2.	<u>Job Creation Services</u>	22,198,400
	Classified FTE positions	160.0
	<p>This line item contains funding for the operation of programs conducted by the Michigan Economic Development Corporation (MEDC) on behalf of the Michigan Strategic Fund. These include business development activities such as account managers who maintain contacts with existing Michigan businesses regarding expansion and retention, site location services, and international business development. Also included are the operations of development finance activities, community redevelopment, access to capital, business and tourism marketing, and ongoing responsibilities related to MEGA and brownfield tax credits, community development block grants, and industrial development revenue bonds.</p> <p>E.O. 2015-10 transferred 14.0 FTE positions and funding to the Michigan Agency for Energy located in the Department of Licensing and Regulatory Affairs.</p> <p>In FY 2016-17 the Community Development Administration and the Michigan Film and Digital Media Office were moved into this unit.</p>	
3.	<u>Pure Michigan</u>	34,000,000
	<p>This line item replaced the former Michigan Promotion Program line item in FY 2011-12. The line funds the Pure Michigan advertising campaigns that promote Michigan as a travel destination. The 21st Century Jobs Trust Fund supports this line item. The 2013-14 budget added \$4.0 million to this line item to support advertising in international markets. The 2015-16 budget added \$4.0 million to this line item. The 2016-17 budget added \$1.0 million to this line item.</p>	
4.	<u>Entrepreneurship eco-system</u>	19,400,000
	<p>This line item, new in FY 2011-12, uses 21st Century Job Trust Fund money for the programs allowed under Chapter 8A of the Michigan Strategic Fund Act. The FY 2015-16 budget transferred \$3.0 million to the Pure Michigan line item and \$600,000 to Business Attraction and Community Revitalization. The FY 2016-17 budget transferred \$1.0 million to Pure Michigan and \$1.0 million to Business Attraction and Community Revitalization.</p>	
5.	<u>Business Attraction and Community Revitalization</u>	101,500,000
	<p>The appropriation supports the Community Redevelopment Incentives and the Michigan Business Development Incentives that replace the Michigan Economic Growth Authority (MEGA), brownfield, and historic preservation tax credits. In FY 2011-12 and FY 2012-13, this line item was called Business Attraction and Economic Gardening.</p>	

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Business Attraction and Community Revitalization Appropriations and Fund Sources¹⁾ (millions)						
Appropriation	FY 2011- 12	FY 2012- 13	FY 2013- 14	FY 2014- 15	FY 2015- 16	FY 2016- 17
Total Appropriations	\$100.0	\$100.0	\$120.0	\$130.0	\$114.0	\$115.5
Funding Sources						
21 st Century Jobs Trust	25.0	25.0	17.5	21.0	20.6	21.6
Fund						
Ongoing GF/GP	50.0	75.0	77.7	91.1	76.1	79.9
One-time GF/GP	50.0	0	24.8	17.9	17.3	14.0
This appropriation was called Business Attraction and Economic Gardening in FY 2011-12 and FY 2012-13.						

8. Community Development Block Grants

\$47,000,000

The MEDC administers this Federal Department of Housing and Urban Development grant program. The State receives Federal funds that are awarded by the Michigan Strategic Fund Board for projects benefiting low- and moderate-income areas within communities with a population of less than 50,000. (These are referred to as communities that do not have entitlement.) The grants can be used for revitalization of neighborhoods, expanding affordable housing, and improving community facilities and services. States are permitted to develop individual plans for the awarding of these funds consistent with Federal guidelines which include:

- Acquiring real property;
- Reconstructing or rehabilitating housing;
- Building public facilities and improvements;
- Education and training;
- Assisting for-profit businesses with particular economic activities such as loans or assembling land;
- Providing government services for youths, seniors, or the physically/mentally challenged;
- Crime reduction initiatives;
- Down payment assistance for home buyers;
- Building code enforcement.

The State plan also permits the use of these funds for urban redevelopment efforts. This effort includes downtown development, primary district gateway improvements, public improvements to SmartZones (areas that can use tax increment financing for business incubator facilities) and Renaissance Zones (designated areas with almost no State or local taxes), and enhancements to business parks.

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL

2016 PA 268
Article VIII
FY 2016-17
Initial

9.	<u>Arts and Cultural Program</u>	\$10,150,000
	<p>This program funds arts and cultural grants distributed by the Michigan Council for Arts and Cultural Affairs. The appropriation was increased by \$3,582,600 GF/GP in FY 2012-13 and \$2.0 million GF/GP in FY 2013-14.</p> <p>EO 2009-36 abolished the former Department of History, Arts, and Libraries and transferred the Council for Arts and Cultural Affairs and the Arts and Cultural grant program to the MSF beginning in FY 2009-10. Federal grants and GF/GP fund this line.</p>	
10.	<u>Community college skilled trades equipment program</u>	\$4,600,000
	<p>This line item was created in FY 2014-15. The budget includes \$4.6 million for the first year of debt service on a proposed \$50.0 million MSF bond issue to update technology at community colleges for training students for high-demand occupations. The MSF board awarded the funds through an RFP process.</p>	
11.	<u>Facility for rare isotope beams (FRIB)</u>	\$7,300,000
	<p>This line item was added to the Treasury budget in FY 2012-13 to appropriate GF/GP revenue as part of the community share of this project at Michigan State University. It was increased from \$2,339,900 in FY 2012-13 to \$7.3 million in FY 2013-14 to pay the debt service on revenue bonds that will be issued by the Michigan Strategic Fund to provide up to \$90,961,100 for construction costs for the FRIB project. E.O. 2014-12 transferred this line item to the Michigan Strategic Fund budget.</p>	
	Unit Gross Appropriation	\$251,892,000
	Federal revenue	53,436,600
	Private revenue	350,000
	State restricted revenue	80,014,500
	State general fund/general purpose revenue	118,090,900

Sec. 109 (4) Talent Investment Agency

Note: Created by E.O. 2014-12 by combining workforce development programs, the Unemployment Insurance Agency, and the skilled trades training program.

1.	<u>Executive Direction</u>	\$1,175,600
	Classified FTE positions	7.0

Created by E.O. 2014-11 and provides funding for the central administrative staff and operations of this Agency including personnel, budgeting, finance, and rent.

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL

2016 PA 268
Article VIII
FY 2016-17
Initial

2. <u>Workforce program administration</u>	\$33,169,900
Classified FTE positions	225.0

This unit, formerly the Office of Workforce Development, administers the Federal Workforce Investment Act program, Work First, Federal Welfare-to-Work, Federal Food Assistance Employment Training Program, and the Michigan Works! Service Center Program. Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF. The FY 2015-16 budget rolled up all the administrative support to the various workforce development programs into this one line item. Combining Adult Education, Postsecondary Education, and Employment Services with the other programs previously administered in this line item.

Adult Education - Funding in this program is used to manage both the Federal- and State-funded Adult Education Programs. The Federal funding provided to the school districts appropriated under the Grants section of this act. The State funding for Adult Education appropriated in the School Aid Act. The programs administered include:

- High School Completion. Programs designed to prepare students to meet the requirements for a high school diploma.
- General Education Degree (GED) Test Preparation. Programs designed to prepare students to pass the GED test. These include instruction in English, language arts, math, social studies, science, and writing.
- Adult Basic Education. Programs provide instruction in reading, English, language arts, math, and civics for adults without a high school diploma.
- English as a Second Language. Programs provide instruction in reading, speaking, writing, and comprehension of the English language.

Postsecondary Education includes the following:

- Community College Services Unit. Administers both the Community College Services Unit which requires collecting and reporting all student data and administering State and Federal grants made available for technical assistance, curriculum development, and for providing service to particular populations.
- King-Chavez-Parks Initiative. Provides funding to deliver programs to increase the participation of educationally disadvantaged students in Michigan's higher education system. The funding in this budget is strictly for administration while the appropriation for programming and scholarships included in the Higher Education Appropriation Act. The Initiative provides scholarship funding through these six programs:
 - College Day Program
 - Visiting Professors Program
 - Future Faculty Fellowship
 - Michigan College/University Partnership Program (MICUP)
 - Morris Hood, Jr., Educator Development (MHED) Program
 - Select Student Support Services (4S) Program

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

- Educational Corporations. Approved nonpublic educational corporations including nonpublic elementary and secondary schools and private higher education institutions.
- Veterans Education. Administers the contract between the Department of Education and the U.S. Department of Veterans Affairs which requires monitoring of State-licensed facilities and training programs to ensure that veterans attending these programs receive a quality education.

Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF. The FY 2013-14 budget removed \$800,000 in unrealized Federal funds.

Employment Services - This program was a unit of the Unemployment Agency until separated by Executive Order in 1997. This Agency provides employment service information and services to unemployed individuals, provides specialized services to veterans, migrant and seasonal farm work, processes applications for alien labor certification, and performs investigations and administers the Trade Adjustment Assistance-North American Free Trade Act at the State and local level. This unit also is responsible for maintaining the Michigan Talent Bank, which is a labor exchange system where both employers and employees can post jobs or resumes. Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF. In an FTE true-up, 121.0 unfunded FTE positions eliminated from the line in FY 2012-13. The FY 2013-14 budget removed \$14,328,200 in unrealized Federal funds.

3. Workforce development programs

\$387,022,900

The FY 2015-16 budget rolled up the various workforce development programs into one line item, these programs are:

- GEAR-UP grants (\$4.7 million) - Executive Order 2011-4 transferred Gaining Early Awareness and Readiness for Undergraduate Programs, a federally funded program known as GEAR-UP, moved from LARA to the newly created Workforce Development Agency within the MSF.
- Carl D. Perkins grants (\$20.0 million) - These federal funds used for grants to public community colleges for improving occupational education programs. Projects may include curriculum development, professional training, equipment, student services, and coordination with K-12 schools. Administrative costs are covered. Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF. Previously, Executive Order 2007-4 moved much of the career preparation program from DELEG to the Department of Education.

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

- Adult basic education (\$20.0 million) - This is the Federal portion of the adult education funding. These funds are awarded to educational agencies, community-based organizations, volunteer literacy organizations, nonprofit agencies, libraries, public housing authorities, or a consortium of any of the organizations. The funds split into two categories of grants:
 - Instructional Program Grants. Grants awarded directly for instructional purposes with up to 10.0% set aside for correctional programs. The Federal funding formula parallels the State funding formula which is 450 hours = 1.0 FTE.
 - State Leadership Grants. Grants required by the Federal regulations to provide 12.5% for professional development, curriculum development, and technology assistance.

Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF.

- Michigan Works! (\$250.8 million) - This line is funding for Michigan Works! agencies for federally funding workforce training programs including Workforce Investment Act and Trade Adjustment Assistance. These funds distribute according to formula and the statewide plan approved by the U.S. Department of Labor.
- Welfare-to-work programs (\$75.4 million) - This line includes funding for the four welfare-to-work programs administered by the State. The programs include employment and training program for Food Stamp Recipients, noncustodial parents in arrears with child support payments, and noncash recipients, as well as the cash recipients. Funds are awarded to the 26 local Michigan Works! Agencies, which are then award grants to local service providers. Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF.
- Other (\$20.3 million) - Includes the program funding for Adult Education, Postsecondary Education, and Employment Services.

4. Skilled trades training program \$30,900,000

This program was first included as \$10.0 million in one-time funding in FY 2013-14. The FY 2014-15 budget moved the funding from one-time to ongoing. The FY 2015-16 budget increased this line item by \$15.6 million by using penalties and interest funds from the Department of Licensing and Regulatory Affairs. The FY 2016-17 budget increased State restricted funds in this line item by \$10.0, of the total, \$5.3 increased the Gross and \$4.7 replaced GF/GP

5. Community Ventures \$9,800,000

Classified FTE Positions 7.0

This line item was new in FY 2012-13. The program provides targeted job training and support for persons with barriers to employment in four target cities: Detroit, Flint, Pontiac, and Saginaw. This program was part of the Governor's public safety initiative. Training providers and social service agencies operate this program. The FY 2013-14 budget added 7.0 FTE positions.

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

6.	<u>Unemployment Insurance Agency</u>	\$139,065,500
	Classified FTE positions	853.0

This line item provides overall administration of the unemployment benefits program in Michigan. This line includes the following programs:

- Unemployment Insurance Trust Fund. This fund is administered by the Unemployment Agency and receives revenue from employers through unemployment taxes. This fund then is used to pay benefits to unemployment claimants.
- Tax Office. This office is responsible for managing all of the employer accounts, certification of employer wage and tax data to the Federal Internal Revenue Services, investigates employee protests, issues redeterminations, processes appeals, and certifies that job applicants are eligible for the Work Opportunity and Welfare-to-Work programs, which enable businesses to receive the tax credits available.
- Office of Business and Financial Services. Provides accounting and budgeting support for the appropriated funds, records retention, lease negotiations, mail services, and provides accounting support for the trust fund.
- Office of Program and Policy Administration. Administers the benefits program, provides legislative and administrative rules analysis and expertise, issues the unemployment insurance benefit procedures, collects fraud and nonfraud overpayment, and monitors and coordinates the information systems utilized by staff and tax and benefit system users. Also, the office is responsible for all cross-match programs used to detect overpayments and ensures that the law pays all benefits.
- Trust Fund Accounting. Maintains an inventory of post office returned checks, processes affidavits for lost/stolen checks and forgery claims, issues refunds to employers and claimants, provides cash management for the trust fund, Federal and State reporting, contract administration for the banking contract, oversight of the accounting system and prepares the year-end financials for the trust fund.
- Office of Appeals. Responsible for hearing and deciding appeals regarding entitlements to benefits, employer tax rates, and employer liability. The Office also archives files, decision library copies, and prepares files that are appealed for the next step in the appellate process (MES Board of Review).
- Unemployment Insurance Analysis and Reports. Forecasts workload and determinations of statutory tax and benefit program triggers.

E.O. 2014-12 transferred this line item from LARA to the Talent Investment Agency.

7.	<u>Information technology services and projects</u>	\$22,501,000
	This line supports the information technology services provided by the Department of Technology, Management, and Budget. First added in FY 2011-12 for spending for the information technology costs of programs transferred from LARA to MSF by Executive Order 2011-4. In FY 2015-16, the budget transferred the information technology services funding for the Unemployment Insurance Agency from LARA to the TIA.	

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

Unit Gross Appropriation	\$623,634,900
Federal revenue	540,869,000
Local revenue	500,000
Private revenue	5,269,000
State restricted revenue	48,787,800
State general fund/general purpose revenue	28,209,100

Sec. 109 (5) Land Bank Fast Track Authority

1. Land bank fast track authority	\$5,256,400
Classified FTE positions	6.0

The Land Bank Fast Track Authority deals with tax-reverted properties to assemble parcels, clear titles and return the property to productive use. Executive Order 2010-2 transferred the Land Bank from the Department of Energy, Labor, and Economic Growth to the Department of Treasury. Bonding functions moved to the Michigan Finance Authority. Executive Order 2011-4 transferred this program from Treasury to MSF within Treasury. Executive Order 2013-8 transferred the program to MSHDA. The budget increased funding by \$3,950,000 that brings the total appropriation for this program to \$5,250,000 for FY 2014-15. This additional funding will be used 50% for operations costs and 50% for the Good Neighbor property management program to help maintain properties owned by the Land Bank. E.O. 2014-12 transferred the Land Bank from MSHDA to the Department of Talent and Economic Development.

Unit Gross Appropriation	\$5,256,400
Federal revenue	1,000,000
State restricted revenue	297,800
State general fund/general purpose revenue	3,958,600

Sec. 109 (6) MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY (MSHDA)

MSHDA is an independent authority within the MSF. The MSHDA board consists of eight members, five of whom are appointed by the Governor with the advice and consent of the Senate to serve four-year terms. The remaining three seats held by three heads of principal executive departments. The Authority oversees Federal housing programs, assists in ensuring affordable housing is available through the sale of tax-exempt bonds and notes and providing grant funding to nonprofit organizations for rehabilitation. MSHDA administers Federal programs that do not pass through the State budget such as the Neighborhood Stabilization Program. MSHDA also provides homeownership counseling through contractors and provides foreclosure prevention assistance.

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL

2016 PA 268
Article VIII
FY 2016-17
Initial

MSHDA transferred from the Department of Energy, Labor, and Economic Growth to the Department of Treasury by Executive Order 2010-2. Subsequently, Executive Order 2011-4 transferred MSHDA to the Michigan Strategic Fund within the Department of Treasury. E.O. 2014-12 transferred MSHDA from the Department of Treasury to the Department of Talent and Economic Development.

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|----|--|---------------|
| 1. | <u>Payments on behalf of tenants</u> | \$166,860,000 |
| | <p>The Authority administers the Federal Section 8 Existing Housing Program by providing rental subsidies for households with very low income. The subsidies equate to the difference between fair market rental rates and a fixed percentage of the tenants family income, not to exceed 30.0%. Eligible recipients include senior citizens, the physically/mentally challenged, and low-income families that meet the Federal income limits.</p> | |
| 2. | <u>Housing and rental assistance program</u> | \$51,248,200 |
| | <p>Classified FTE positions</p> <p style="text-align: right;">316.0</p> <p>This line supports the administration of the Authority and related programs, including salary and fringe benefits for the Authority staff. Beginning with supplemental funding in FY 2012-13, the MSHDA director's salary was funded through the Department of Treasury unclassified line.</p> <p>An FTE true-up added 56.0 FTEs in FY 2012-13. The State Historic Preservation Program rolled into this line in FY 2013-14.</p> | |
| 3. | <u>Lighthouse preservation program</u> | \$307,500 |
| | <p>This program is funded by revenue received from special license plates. This funding was authorized by P.A. 73 of 2000. It provides assistance to local groups in protecting and preserving lighthouses around the State. Michigan has the greatest number of lighthouses of any State. Due to global positioning and other modern navigation devices, the use of lighthouses became unnecessary. Starting in the 1990's the U.S. Coastguard began disposing of these buildings, which in Michigan totaled 70 lighthouses. This program makes available grant funds available from the proceeds of dedicated license plate revenue. Recipients are required to provide a 50 percent match to receive these funds. This program was transferred to MSHDA in FY 2009-10 when Executive Order 2009-36 eliminated the Department of History, Arts, and Libraries.</p> | |
| 4. | <u>Rent and administrative support</u> | \$3,721,000 |
| | <p>First included in FY 2010-11 with the MSHDA transfer into the Department of Treasury. It tracks MSHDA expenses for rent and administrative support separately from other similar Department expenses. (Previously, in DELEG, MSHDA rent and administrative support was appropriated in the Executive Direction Unit with other DELEG costs.)</p> | |

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL**

**2016 PA 268
Article VIII
FY 2016-17
Initial**

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| 5. | <u>Michigan state housing development authority technology services and projects</u> | \$3,585,500 |
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This line was added in FY 2010-11 with the MSHDA transfer into the Department of Treasury. It tracks MSHDA information technology spending separately from the Departmental DIT line. (Previously, in DELEG, MSHDA information technology was appropriated in the Information Technology Unit with other DELEG expenses.)

Unit Gross Appropriation	\$225,722,200
Federal revenue	166,860,000
State restricted revenue	58,862,200
State general fund/general purpose revenue	0

Sec. 109 (7) ONE-TIME BASIS ONLY APPROPRIATIONS

- | | | |
|----|--|--------------|
| 1. | <u>MSF, business attraction and community revitalization</u> | \$13,999,900 |
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This one-time funding is in addition to the Business Attraction and Community Revitalization ongoing line item. There was a one-time appropriation of \$50.0 million in FY 2011-12 for this program. That funding became ongoing in FY 2012-13. In FY 2013-14, ongoing funding for this program declined by \$4.8 million and new one-time funding of \$24.8 million was provided. In FY 2014-15, one-time funding from the previous fiscal year decreased by \$6.9 million while the ongoing portion of funding increased by \$16.9 million. In total, appropriations for the program are \$130.0 million in FY 2014-15. In FY 2015-16, one-time funding was decreased \$600,000, while ongoing decreased \$15.4 million. In total, appropriations for the program are \$114.0 million in FY 2015-16. In FY 2016-17, one-time funding was decreased \$3.3 million, while ongoing increased \$1.5

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| 2. | <u>Special grants</u> | 12,000,000 |
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The FY 2015-16 budget includes several new grants totaling \$12.0 million that are funded with one-time GF/GP appropriations. The items include: (1) Covenant Care - \$275,000, (2) Grandmount Rosedale Development Corporation - \$50,000, (3) Kennedy High Greenhouse Renovation - \$30,000, (4) Heritage Park- \$95,000, (5) Redford Union Chrome Books - \$100,000, (6) City of Westland Recreation Complex - \$100,000, (7) Southwest Detroit Community Justice Center - \$100,000, (8) Mom's Place Women's Shelter - \$75,000, (9) City of Albion Capital Improvements - \$950,000, (10) Grand Haven State Park - \$800,000, (11) Village of Athens - Water Tower Renovation - \$250,000, (12) Charles H. Wright African American Museum - \$500,000, (13) Kent County Youth Fair - \$2,500,000, (14) Lowell Township Park - \$2,500,000, (15) City of Wayne Recreation Complex - \$100,000, (16) Maggie Lee's Community Center - \$25,000, (17) Detroit Collaborative Design Center - \$100,000, (18) Van Andel - \$1,000,000, (19) Muskegon Farmers Market - \$200,000, (20) Alpena Drones - \$250,000, (21) Kalamazoo Valley Community College, Healthy Living Campus - \$2,000,000

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL

2016 PA 268
Article VIII
FY 2016-17
Initial

3.	<u>Statewide data system integration</u>	8,778,500
	This one-time funding was first included in FY 2016-17 and dedicated to creating and supporting the Workforce Longitudinal Data Systems to meet new workforce data reporting requirement and establish an integrated service delivery plan.	
4.	<u>Protect and gross</u>	3,000,000
	This one-time funding was first included in FY 2016-17 to maintain and grow the defense industry in the state.	
5.	<u>Sustainable employment pilot program</u>	100
	This one-time funding was first included in FY 2016-17 to contract with another entity to pilot a program that focuses on moving individuals off of government assistance program and measuring the corresponding savings to the state of Michigan.	
	Unit Gross Appropriations	\$37,778,500
	Federal revenues	4,800,000
	State restricted revenues	3,978,500
	State general fund/general purpose revenue	29,000,000

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII

**Section
Number Description and History**

OPERATIONS

980 **Contingency Fund Language.** Provides a boilerplate appropriation for limited amounts of additional Federal, State Restricted, or private funds if they become available during the fiscal year. This section is spending authority only. Any funding only becomes available after a legislative transfer has been approved by both Appropriations Committees, consistent with the Management and Budget Act, PA 431 of 1984. The limits are up to \$30.0 million Federal, \$10.0 million State Restricted, \$2.0 million Private, and \$2,000,000 Local.

Background: This had been standard language in most appropriation acts until FY 2000-01. It was reinstated in FY 2008-09. Limits increased in FY 2012-13 and authority for local revenue was added.

981 **Legacy Costs.** This language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimate of the amount of pension-related legacy costs. For FY 2016-17 total legacy costs are estimated at \$35,083,100, pension-related legacy costs are estimated at \$19,452,700, and retiree health care legacy costs are estimated at \$15,630,400.

Background: First included FY 2014-15. FY 2014-15 total legacy costs were estimated at \$18,801,300, pension-related legacy costs were estimated at \$10,508,300 and retiree health care legacy costs were estimated at \$8,293,000. FY 2015-16 total legacy costs are estimated at \$36,701,100, pension-related legacy costs are estimated at \$20,831,400, and retiree health care legacy costs are estimated at \$15,869,700. The large increase in FY 2015-16 is due to EO 2014-12 moving the UIA and other FTE positions into this department.

MICHIGAN STATE HOUSING AND DEVELOPMENT AUTHORITY

990 **Michigan State Housing Development Authority (MSHDA) Housing Production Goals.** Requires the Department to report on the status of the housing production goals under all financing programs administered by the Authority.

Background: This section moved into the Treasury budget in FY 2010-11 due to the transfer of MSHDA from the Department of Energy, Labor, and Economic Growth (DELEG) under Executive Order 2010-2. It had been a longstanding boilerplate section in the DELEG budget.

994 **State Historic Preservation Program - Receive and Expend.** Permits the State Historic Preservation Program to use any revenue received for document reproduction, services, and application fees to defray the costs of providing the services. The revenue carries forward.

Background: The section was formerly part of the budget for the Department of History, Arts, and Libraries, then transferred to MSHDA in the DELEG budget in FY 2009-10 and moved to the Treasury budget for FY 2010-11.

995 **Land Bank Fast Track.** Provides that the Authority may receive and expend revenue above the amount appropriated for the authorized activities under the Land Bank Fast Track Act, 2003 PA 258. These purposes include acquisition, lease, management, demolition, maintenance, property rehabilitation, debt service owed by the authority, and expenses to clear titles of property owned by the authority.

Background: FY 2004-05 was the first year of this language in DELEG. It was transferred to Treasury in FY 2010-11 due to Executive Order 2010-2. Moved from Sec. 983 in FY 2013-14. Moved from Sec. 1038 in FY 2014-15.

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII

MICHIGAN STRATEGIC FUND

1005 **Travel Michigan Revenue from Slogans and Merchandising.** Language allows the MSF to receive and expend any private revenue related to the use of "Pure Michigan" and other copyrighted slogans. The funds are appropriated for the purpose of marketing Michigan. This section requires a report on revenue and spending by March 15.

Background: Longstanding boilerplate item. Updated in FY 2011-12 to remove prior slogans. The reporting requirement was added in FY 2013-14. Reporting date was moved from June, 1 to March, 15 in FY 2016-17.

1007 **MEDC and MSF Activity Report.** This language requires the Agency to provide a report by February 15 on the activities of the Michigan Economic Development Corporation financed from investment or Indian gaming revenues, listing all grants, loans, and investments made from the fund, all fund sources, and the number of FTEs by the program. It also requires detailed information on promotion spending by Travel Michigan, and business attraction activities and all programs of the Michigan Strategic Fund. Also requires a performance metrics report for the Michigan Business Development Program, the Community Revitalization Program, and the Community Core fund by March 15.

Background: This language was added in FY 1999-2000 following the creation of this quasi-State Agency. As this Agency is structured differently than any other in State government, this section was included to ensure that sufficient information regarding expenditures was made available to the Legislature. It was revised in FY 2011-12 to delete a reference to a discontinued program. In FY 2012-13 the report date was changed, reporting of investments was added, as well as updates for new programs. In FY 2013-14, the elements of the former Sec. 1006 grant report was added to this section. A requirement to report activities from any fund source also was added in FY 2013-14. The performance metrics report requirement was added in FY 2014-15. The Business services, Clear Air Ombudsman, and Film Incentives sections were removed, and the date was moved from February to March, 15 in FY 2016-17

Community Core Language: This language was added to an FY 1999-2000 supplemental bill to govern the expenditure of one-time funding of \$50.0 million for this program. The awards have all been made and were primarily in the form of a grant. The balance of this Fund lapsed back to the General Fund at the close of FY 2001-02. Occasionally a small award is made from this fund from monies returned from previous projects.

1008 **Interlocal Agreements.** This language requires the Agency to include in each interlocal agreement language that requires the Agency to work with private economic development agencies if the local unit of government is working with a private agency.

Background: This language was added in FY 1999-2000 following the creation of the Agency.

1009 **Purchase of Land.** This language places restrictions on the Agency regarding the purchase of land or the purchase of options on land. Requires that these purchases are made in economically distressed areas, or the land purchased at the invitation of the local unit of government and local economic development agency.

Background: This language was added in FY 1999-2000 following the creation of this Agency. The ability to purchase land or land options was one reason provided to the Legislature for the need to create this Agency as a quasi-State Agency.

1010 **Jobs for Michigan Investment Report.** Requires a report on the Jobs for Michigan Investment Fund. Report by March 15. The report shall include a detailed listing of all revenue, expenditures, and fund balance at the end of the fiscal year.

Background: First included FY 2014-15. Reporting date was moved from February to March, 15 in FY 2016-17.

1011 **Compliance with the Management and Budget Act.** Requires that any unexpended funding appropriated to the Agency and transferred to the MEDC shall be subject to the Management and Budget Act unless by carry-forward authorization.

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII

- Background:** This language was added in FY 2000-01. It ensures that unused funds are lapsed back to the General Fund and not carried forward. It was modified in FY 2013-14 to apply the language to all fund sources.
- 1012 **Compliance with Other Acts.** Requires the MEDC and the Strategic Fund be subject to the Freedom of Information Act, the Open Meetings Act, Annual Audits of the Auditor General, and Legislative reporting requirements.
- Background:** This language was added in FY 2000-01.
- 1013 **Private Fund Raising.** Prohibits those staff who are involved in private fundraising from being party to any decisions regarding the awarding of grants, incentives, or tax abatements from the Fund, the MEDC, or the Michigan Economic Growth Authority.
- Background:** This language was added in FY 1999-2000. It was modified in FY 2013-14 to apply to employees involved in awarding incentives.
- 1020 **Federal Pass-Through Funds.** Allows for the appropriation of additional Federal pass-through funds to local institutions and governments that do not require an additional State match. Also allows these funds to be carried forward and requires the Agency to report on the amount and source of these funds within ten days of receiving the funds.
- Background:** FY 2007-08 is the first year for this language.
- 1024 **Business Attraction and Community Revitalization.** Directs the Michigan Strategic Fund board to grant at least \$20.0 million from the \$130.0 million appropriated in FY 2014-15 for this program in Part 1 and one-time appropriations for brownfield incentives and historic preservation incentives under the Community Revitalization program.
- Background:** This section was added in FY 2011-12 to direct the allocation of this program which replaces Michigan Economic Growth Authority (MEGA), brownfield, and historic preservation tax credits. It was updated in FY 2013-14 to refer to the Community Revitalization program.
- 1032 **Michigan Film Office Report.** Requires an extensive report on the status of film incentives by March 1. The report is required to be filed by the Michigan Film Office in conjunction with the MSF and the Department of Treasury. Report requirements include Michigan Business Tax credits, Michigan Economic Growth Authority (MEGA) Act credits, loans, expenditures, and job creation.
- Background:** The report was added in FY 2008-09 and expanded in FY 2009-10. It was modified for FY 2012-13 to include report elements for appropriated film incentives. In FY 2016-17, it was modified to remove references to film incentives due to the incentive program being eliminated in FY 2015-16.
- 1033 **Film Incentive Reporting.** This section requires a quarterly report on the status of film incentives approved under MCL 125.2029h. The report must include direct and indirect economic impacts, job creation, and private investment attributable to the assistance.
- Background:** First included FY 2012-13.
- 1034 **Business Incubators.** Requires that each entity that received funding in FY 2012-13 maintain its dashboard of indicators and reporting requirements. Requires reporting of a dashboard of indicators by March 1, and transmission of those reports to the legislature by March 15.

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII

Background: In FY 2008-09 this was a line item for \$1,250,000 funded from Jobs for Michigan Investment Fund – Returns to Fund, the permanent fund that receives repayments and earnings from 21st Century loans and investments. Awards were for incubators in the following counties: Berrien, Genesee, Macomb, Washtenaw, and Wayne. In FY 2009-10, the line was funded again from Jobs for Michigan Investment Fund – Returns to Fund. Funding for Isabella and Oakland counties was vetoed, however, leaving an appropriation of \$900,000 for incubators in Houghton, Ingham, Kalamazoo, Kent, Muskegon, and Washtenaw Counties, and the City of Detroit. Funding was not awarded, however, due to a re-interpretation of the statute creating the Investment Fund – Returns to Fund. The new interpretation limited the amount of the Returns to Fund that could be appropriated by the Legislature to the common cash earnings. As a result, only one incubator was funded in FY 2009-10 at an amount of about \$60,000. In FY 2010-11 the fund source was changed to 21st Century Jobs Trust Fund, the eligible local governments changed from Ingham County to the City of Lansing, and reinstated the previously vetoed incubators in Isabella and Oakland Counties.

The program was revised again in FY 2011-12 by removing funding to Lansing, Kalamazoo County, and Muskegon County. The Isabella funding was restricted to a satellite site in Midland County.

In FY 2012-13 the funding amounts were changed, and Mason County, Ingham County, and an auto technology accelerator (Automation Alley) were added as recipients. The boilerplate in FY 2012-13 required awards to incubators or accelerators in the following areas: Detroit, Houghton, Isabella, Kent, Macomb, Oakland, Washtenaw, and Midland Counties (A Mason County incubator that provides services to Lake, Mason, Manistee, and Oceana Counties), and an accelerator that provides services in at least eight counties (Automation Alley).

FY 2013-14 language did not make any new awards but continued reporting requirements for existing recipients.

The 2015-16 budget removed intent language that any additional funding will be based on the performance of the program and the results reported in the dashboard indicators.

1035 **Arts and Cultural Grants.** Directs the Michigan Council for Arts and Cultural Affairs to operate an arts and cultural grant program. Requires the program to maintain the equitable geographic distribution of funds and use past arts grants programs as a guideline. Application materials must be available by October 1. Application fees may be charged and used to cover the administrative expenses. A report of the grant awards is made to the legislative offices within one day of grants being awarded. Prohibits the use of any funding from this grant line for administration.

Background: This language was added to the MSF budget when the Arts and Cultural Grant program transferred to MSF in FY 2009-10 when the Department of History, Arts and Libraries was abolished. The language was simplified and shortened, reflecting the reduced resources available for this program. In FY 2013-14, the authority to use up to \$100,000 from the grant line was deleted and replaced with a prohibition on using any grant funds for MSF administrative costs. This reflected additional GF/GP funding added to the Job Creation Services line and 2.0 additional FTE positions for arts grant administration.

1036 **Transfer of Appropriations to Other Funds.** Directs that GF/GP appropriations in part 1 for business attraction and community revitalization shall be transferred to the 21st Century Jobs Trust Fund (CJTF) per MCL 125.2090b. States that the 21st Century Jobs Trust Fund is appropriated and available for allocation as authorized by the MSF Act, MCL 125.2001 to 125.2094.

Background: New in the MSF budget for FY 2013-14. This section implements the transfer of certain GF/GP appropriations to restricted funds per statute. The language also authorizes spending from the restricted funds without additional appropriation. These transfers apply to GF/GP appropriations for business attraction and community revitalization which are transferred to the 21st Century Jobs Trust Fund (and thus become subject to the requirements of the 21st Century Jobs Trust Fund) and GF/GP appropriations for film incentives which are transferred to the Film Promotion Fund. References to Film Incentives were removed in FY 2016-17

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII

- 1038 **Facility for Rare Isotope Beams (FRIB)**. Requires a status report on the construction of the FRIB project to the State Budget Director, Subcommittees on General Government, and fiscal agencies on March 15. The Department will work with Michigan State University to collect information on the following: amount of weeks ahead or behind of the scheduled timeline at the end of the previous fiscal year, cost of construction over or under the amount projected for the previous fiscal year, the number of Michigan companies contracted for the project, the total amount of those contracts, and the number of permanent and temporary employees hired for the project in the previous fiscal year.
- Background:** First included in the MSF budget for FY 2013-14. This section first provided a structure for the authorization and issuance by MSF of a limited amount of revenue bonds to support the construction of FRIB. If the conditions required by the boilerplate are met, then MSF can issue revenue bonds to pay the remaining community share for FRIB. The section provides for oversight by the MSF and the State Budget Director. The State will pay the debt service on the FRIB bonds. The debt service is appropriated to the Department of Treasury budget within the appropriation unit for Grants. The appropriation for FRIB debt service is \$7.3 million GF/GP in FY 2014-15. The bond was authorized and issued in 2015. The FY 2015-16 budget removed the authorizing language but retained the oversight language on the FRIB program. The FY 2016-17 budget replaced the authorization language with a status report on the construction of the FRIB project.
- 1040 **Required Use of State Accounting System**. Requires the Department to use the statewide accounting system (the Michigan Administrative Information Network (MAIN) or a successor MDTMB-administered administrative information system) as an appropriation and spending reporting system. All financial transactions with vendors, contractual partners, grantees, and recipients of incentives and other economic assistance must be tracked on the State accounting system. It requires that encumbrances and expenditures should be tracked promptly.
- Background:** This section was added in FY 2013-14 following discussions regarding a proposal to move some incentive appropriations to the MSF upon appropriation and then account for spending from those programs with a separate accounting system operated by the MSF, instead of on the State accounting system
- 1041 **Limit on Transfer of State Funds to the MSF**. Limits the transfer of appropriations for business attraction and community revitalization by the State Treasurer to the MSF to not more than 60% of the appropriated funds before April 1.
- Background:** New in FY 2013-14. The total appropriations for business attraction and revitalization are \$114.0 million in FY 2015-16. This section limits the amount that can be moved from the Treasury to MSF to \$68.4 million before April 1, 2016.
- 1042 **Business Attraction Report**. Requires a quarterly report from the Fund listing the amount of funds considered appropriated, pre-encumbered, encumbered, and expanded. The report also shall include a listing of funds that have lapsed back to the fund from any prior-year appropriations.
- Background:** First included FY 2014-15.
- 1043 **MEGA report**. Requires cooperation with the Department of Treasury on an annual report due November 1, on the projected costs of the various tax credits outstanding. The report includes the total original credit amounts issued for each year, total adjustments made to credits, the actual and projected value for each year from 1995 to the expiration of the programs. Each year shall include the amount claimed, certified, and pending. Projections will be based on the estimates of employees, wages, and benefits.
- Background:** First included FY 2016-17.

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT

PART 2: BOILERPLATE DETAIL

2016 PA 268 Article VIII

- 1046 **Special Grants.** Outlines the 21 special grants, which includes: (1) Covenant Care - \$275,000, (2) Grandmount Rosedale Development Corporation - \$50,000, (3) Kennedy High Greenhouse Renovation - \$30,000, (4) Heritage Park- \$95,000, (5) Redford Union Chrome Books - \$100,000, (6) City of Westland Recreation Complex - \$100,000, (7) Southwest Detroit Community Justice Center - \$100,000, (8) Mom's Place Women's Shelter - \$75,000, (9) City of Albion Capital Improvements - \$950,000, (10) Grand Haven State Park - \$800,000, (11) Village of Athens - Water Tower Renovation - \$250,000, (12) Charles H. Wright African American Museum - \$500,000, (13) Kent County Youth Fair - \$2,500,000, (14) Lowell Township Park - \$2,500,000, (15) City of Wayne Recreation Complex - \$100,000, (16) Maggie Lee's Community Center - \$25,000, (17) Detroit Collaborative Design Center - \$100,000, (18) Van Andel - \$1,000,000, (19) Muskegon Farmers Market - \$200,000, (20) Alpena Drones - \$250,000, (21) Kalamazoo Valley Community College, Healthy Living Campus - \$2,000,000
Background: First included FY 2016-17.

TALENT INVESTMENT AGENCY

- 1060 **Partnership, Accountability, Training, and Hope (PATH).** Requires the TIA to administer the program by applicable laws and regulations including Section 407(d) of title IV of the Social Security Act, 42 USC 607, the state social welfare act, 1939 PA 280, MCL 4001.1 to 400.119b.
Background: New in the MSF budget for FY 2011-12. This section was transferred from the DLARA budget due to Executive Order 2011-4. The program name was updated on Jobs, Education, and Training (JET) to PATH in FY 2013-14. The revised PATH program was implemented January 1, 2013.
- 1061 **Youth Entrepreneurship and Work Readiness.** Permits the TIA to allocate grants from the appropriations for workforce program subgrantees to non-profit organizations to provide entrepreneurship, work-readiness skills, job shadowing, and financial literacy training to WIA eligible youth. Programs eligible for this funding must demonstrate the capacity to conduct the training in urban areas and have the participation of local business partners. The programs must comply with applicable federal requirements.
Background: New in the MSF budget for FY 2011-12. This section was transferred from the DLARA budget due to Executive Order 2011-4.
- 1062 **Veterans Outreach at Michigan Works!** Provides that a disabled veteran's outreach program specialist or employment representative must be made available by the TIA to Michigan Works! service centers as resources permit. Directs the TIA to make appropriate placement of veterans and disabled veterans a priority.
Background: New in the MSF budget for FY 2011-12. This section was transferred from the DLARA budget due to Executive Order 2011-4. The FY 2011-12 budget removed several requirements for services and postings.
- 1063 **Workforce Investment Act Appropriation of Carry-forward.** Appropriates unencumbered and unrestricted Federal Workforce Investment Act and Trade Adjustment Assistance funds from the prior year and requires a report by February 15th of funds appropriated under this section.
Background: New in the MSF budget for FY 2011-12. This section was transferred from the DLARA budget due to Executive Order 2011-4.
- 1065 **Skilled Trades Training Program Report.** Requires a quarterly report on the status of the Skilled Trades Training Program which awards funding to businesses for customized job training for new or incumbent workers. Report elements consist of the number of awardees, names of awardees by industry group, funding received by each awardee, the training model used by each awardee, the number of individuals enrolled by awardee, the number of application to the program, the number of individuals that completed training and were hired by the awardee, and the outcome of metrics for the program.

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII

- Background:** First included in the MSF budget for FY 2013-14. This section was added to obtain information on the Skilled Trades Training Program which was created in FY 2013-14 to provide custom training for businesses. The awardees for this program are companies that need training for workers. In FY 2015-16, this appropriation was increased due to funds transferred from the LARA budget in E.O. 2015-12.
- 1066 **Skilled Trades Training Program.** Stipulates how TIA shall administer the program including working cooperatively with grantees to maximize the funds available for training; working cooperatively with Michigan Works! Agencies to prioritize and streamline expenditures; ensuring that grants are distributed for individual skill enhancement; developing program goals and detailed guidance for prospective participants to follow to qualify for the program; and that the fund may receive and expend revenues related to the skilled trades training program.
- Background:** First included in FY 2014-15.
- 1068 **Workforce Training Programs Report.** Requires a report by March 15th with detailed information on funding allocated to each Michigan Works! Agency (MWA) by fund source, number of participants, duration of training, participants in remedial education and literacy programs, participants enrolled at 2-year, 4-year or proprietary or technical training program, completion of education or training programs, employment, average wages upon completion and securing a job within one year, and the actual revenues received by the fund source and fund appropriated for each discrete workforce development program area. .
- Background:** Previously the No Worker Left Behind report transferred to MSF in FY 2011-12, the budget for FY 2012-13 modified it to apply to workforce programs in general. In FY 2016-17, the date was modified from February to March 15th and the report included actual revenue received by each discrete workforce development program.
- 1076 **UIA Computer Systems.** Requires the Department to submit quarterly reports on the development of UIA's new integrated computer system.
- Background:** This section was rewritten for FY 2014-15 to reflect the fact that this system is now in use. In previous years the sections required certain project goals to be met by certain dates; the new section requires information on implementation and improvements to the system. This section was transferred from LARA to TIA in E.O. 2014-12.
- 1077 **MARVIN System Reports.** Requires a report on the percentage of unemployment claimants who meet certification requirements for using the Michigan Web Account Manager (MiWAM) system. Also requires the Department to implement improvements to the MiWAM system with a goal of 75% of users certifying using the system.
- Background:** This section first appeared in FY 2009-10, and required a certain date to complete the 50% participation goal. The date requirement was removed for FY 2010-11. The percentage participation goal has been adjusted periodically. This section was transferred from LARA to TIA in E.O. 2014-12.
- 1078 **UIA Customer Service Standards.** Requires that the Unemployment Insurance Agency set specific outcomes and performance metrics to measure customer service standards for both employers and claimants.
- Background:** This section was first included in FY 2015-16 and transferred from LARA to TIA in E.O. 2014-12.
- 1079 **TANF Interagency Agreement.** Requires that the department continues an interagency agreement with the Department of Health and Human Services regarding the use of TANF dollars. The department must also provide a spending report including direct services to clients, administrative expenditures, the number of FIP clients served through TANF, the number of clients receiving employment through TANF funding and Michigan Work!, the number of job readiness program recipient gaining employment, average TANF spending per client, the number of clients referred to Michigan Works! But did not receive job placement. This information shall be reported March 15.
- Background:** First included FY 2016-17. An interagency agreement was first established between TED and DHHS is FY 2015-16.

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 2: BOILERPLATE DETAIL
2016 PA 268 Article VIII

- 1080 **Community Venture Private Matching**. Allows the department to use up to \$2.0 million of ongoing funding towards the matching of private fund dollars. For every \$1 of private funds, the department can use \$1 of matching funding up to \$2.0 million.
Background: First included FY 2016-17.
- 1081 **Statewide System of Data Integration**. The department shall use the fund in part 1 to establish new information technology systems to integrate data for workforce development to track activities and expand longitudinal data analysis between state departments. T
Background: First included in FY 201617 due to Federal requirement changes.
- 1083 **Sustainable Employment Pilot**. Requires that the department creates or contract with another entity to provide a pilot program that focuses on moving individuals off of government assistance programs long-term and measure the corresponding savings to the state.
Background: First included in FY 2016-17 with a \$100 placeholder in one-time spending.