

## APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

<b>DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES</b>		
<b>PART 1: LINE ITEM DETAIL</b>		
		<b>2021 PA 166 FY 2021-22 Initial</b>
<b>SEC. 101. APPROPRIATION SUMMARY</b>		
1.	<u>Unclassified full-time equated (FTE) positions</u>	6.0
	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.	
2.	<u>Classified FTE positions</u>	384.5
	All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	
3.	<b><u>GROSS APPROPRIATION</u></b>	<b>74,335,500</b>
	Total appropriations.	
4.	<u>Interdepartmental grants (IDG)</u>	736,500
	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.	<b><u>ADJUSTED GROSS APPROPRIATION</u></b>	<b>73,599,000</b>
	Gross appropriations less IDGs.	
6.	<u>Federal revenue</u>	1,017,100
	Funding allocated to the State by the Federal government.	
7.	<u>State restricted revenue</u>	72,581,900
	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.	
8.	<u>State general fund/general purpose</u>	0
	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, corporate income, sales, and use taxes.	

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<b>SEC. 102. DEPARTMENT SERVICES</b>		
1.	<u>Unclassified salaries</u>	892,000
	Unclassified FTE positions	6.0
	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.	
2.	<u>Administrative hearings</u>	183,700
	This appropriation covers expenses incurred by DIFS for any administrative hearings conducted on the Department's behalf. Administrative hearings are conducted by the Michigan Administrative Hearing System in LARA and billed to the appropriate department.	
3.	<u>Department services</u>	4,073,400
	Classified FTE positions	20.0
	This line provides funding for the Department's administrative bureaus including Finance, Personnel, Budgeting, Purchasing and Grant Services, and Federal reporting.	
4.	<u>Executive director programs</u>	937,200
	Classified FTE positions	3.5
	This line provides funding to support the costs of the staff and administration of the Department Director's Executive Office, and the salaries and administrative costs for the unclassified employees.	
5.	<u>Property Management</u>	1,320,900
	This line provides funding to support leases with the Department of Management and Budget, for space occupied by DIFS in State-owned buildings. These leases are statewide.	
6.	<u>Workers' compensation</u>	1,300
	This line supports the Department's obligations for workers' compensation premiums and reserve funds.	
7.	<b>UNIT GROSS APPROPRIATION</b>	<b>7,408,500</b>
<b>SEC. 103. INSURANCE AND FINANCIAL SERVICES REGULATION</b>		
1.	<u>Consumer services and protection</u>	13,377,900
	Classified FTE positions	91.0
	The Office of Consumer Services consists of the Communication Center Section which responds to inquiries regarding insurance, banking, mortgage loans, and other financial services. The Consumer Assistance Section reviews, evaluates, and performs dispute resolutions for all of the regulated insurance and financial institutions. The Office also encompasses the media relations section.	

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2.	<u>Financial institutions evaluation</u>	25,791,900
	Classified FTE positions	137.0
	This line provides funding for the following areas:	
	A. Bank and Trust Division. Charters, examines, and supervises chartered banks, savings banks, savings and loan associations, and BIDCOs (Business and Industrial Development Corporation).	
	B. Credit Union Division. Annually examines the State-chartered credit unions.	
	C. Mortgage and Consumer Finance Section. This unit supervises consumer financial service, credit cards, mortgage brokers, lenders and services; motor vehicle sales finance; and secondary mortgage loans. In FY 2010-11, 10.0 FTEs and \$646,500 were added to establish regular (two- to three-year intervals) examinations cycles for securities broker-dealers and investment advisors.	
	D. Enterprise Monitoring Division. Processes applications for new State-chartered financial institutions, those requesting changes in corporate structure, and those requesting capital enhancement. This division also evaluates large, complex, and diversified in-State financial service organizations, and administers the risk assessment program.	
3.	<u>Insurance evaluation</u>	25,408,800
	Classified FTE positions	133.0
	This line merged three lines from the previous fiscal year into one:	
	A. Insurance evaluation, (54.0 FTE positions) The line provides funding for the monitoring and regulation of insurance companies, including: processing applications for licensure from insurance companies, financial examination and monitoring of insurance companies, monitoring and examination of captive insurers, and other similar responsibilities as required by law.	
	B. Insurance rates and forms, (30.0 FTE positions) The line provides for the enforcement of statutory requirements as they pertain to the calculation of policy rates and the various forms used by insurance companies operating in the State.	
	C. Regulatory compliance, market conduct and licensing, (34.0 FTE positions) The line provides funding for the licensure of insurance producers, solicitors, counselors, risk retention groups, purchasing groups and other regulated insurance entities. Additionally, this line provides for the review of the conduct of insurance and audits insurance agents and companies.	
4.	<b>UNIT GROSS APPROPRIATION</b>	<b>64,578,600</b>
<b>SEC. 104. INFORMATION TECHNOLOGY</b>		
1.	<u>Information technology services and projects</u>	2,348,400
	This line supports the information technology services provided by the Department of Technology, Management and Budget.	
2.	<b>UNIT GROSS APPROPRIATION</b>	<b>2,348,400</b>

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**STANDARD LANGUAGE SECTIONS**

- 201 **Total State Spending in Part 1.** Total State spending and payments to local reporting section for appropriation made in Part 1.  
**Background:** This section states the total State spending from State resources in this bill and lists the total payments to local units of government. This is a standard boilerplate section contained in all appropriations bills pursuant to 1984 PA 431.
- 202 **Management and Budget Act.** States that appropriations authorized under this Act are subject to the Management and Budget Act.  
**Background:** This is a standard section contained in all appropriations bills.
- 203 **Definitions.** Definitions and acronyms contained in the Act.  
**Background:** This is a standard section contained in all appropriations bills.
- 204 **Internet Reporting.** Requires the Department to use the Internet to fulfill reporting requirements of this act.  
**Background:** This language was first included in FY 1999-2000.
- 205 **Buy American.** Prohibits the use of funds for purchase of foreign goods or services if competitively priced American goods or services are available. Requires that preference also be given to Michigan-based companies and veteran-owned and operated companies.  
**Background:** This language was first put in the appropriations bill in FY 1992-93. It is standard in most appropriations bills. The language was modified for FY 2007-08 to include a preference for veterans.
- 206 **Prohibit Disciplinary Action.** Prohibits the Department from taking disciplinary action against an employee for communicating with a member of the Legislature or legislative staff.  
**Background:** This section was added in FY 2005-06 to all budget acts. No specific incident was cited.
- 207 **Travel Report.** Requires a report on out-of-state travel for State employees.  
**Background:** FY 2004-05 was the first year of this language. The original FY 2004-05 language prohibited out-of-state travel, but the prohibition was later removed and only the reporting requirement remained. Language was added for FY 2017-18 to require immediate supervisor approval for out-of-state travel. Modified in FY 2021-22 due to standardization across budgets.
- 208 **Legal Services Limitation.** Prohibits use of funds to hire legal services that are the responsibility of the Attorney General.  
**Background:** First included in FY 2007-08.
- 209 **GF/GP Lapse Report.** Requires the Department to submit a report on projected GF/GP lapses at the end of the fiscal year.  
**Background:** This section was added for FY 2011-12.

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- 210 **Contingency Authorization.** Permits additional Federal and restricted funds received during the year to be expended after approval of a legislative transfer.  
**Background:** This language was restored in FY 2007-08 after not being included in the budget since FY 2001-02. The FY 2019-20 budget reduced contingency fund allowances to one-fifth of their previous level. Modified in FY 2021-22 to contingency authorization.
- 211 **Expenditure Posting.** Requires that all Department expenditures be posted on a website available to the public.  
**Background:** This section was added in FY 2010-11 and appeared in other budgets for this year.
- 212 **Restricted Fund Balance Report.** Requires the Department to provide an annual report on restricted fund balances, projected revenue, and expenditures for the current and immediately preceding fiscal years. The report is due within 14 days of the release of the Executive budget recommendation.  
**Background:** This section was added for FY 2011-12.
- 213 **Department Scorecard.** Requires the Department to maintain a website with key performance metrics that are regularly updated.  
**Background:** This section was added in FY 2013-14. The reporting requirements were added in FY 2015-16.
- 214 **Legacy Costs Statement.** This section includes a statement of legacy costs, pension-related legacy costs, and retiree health care legacy costs for the year.  
**Background:** This section was added in FY 2014-15.
- 215 **Deprived and Depressed Communities.** Directs the Department to take reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts for services and supplies. The Director shall strongly encourage subcontracts with certified businesses in deprived and depressed communities.  
**Background:** This is a long-standing section in most department budgets.
- 216 **FTE and Remote Work Reporting.** Requires the Department to report on the number of FTEs by type and classification, compare authorized to actual FTEs, and submit information on the number of employees engaged in remote work, estimated cost savings of remote work, and reduced office space use related to remote work.  
**Background:** This section was added in FY 2020-21.
- 217 **Work Project Fund Prioritization.** Requires that appropriations in part 1 not be expended until all existing work project authorization available for the same purpose is exhausted.  
**Background:** This section was added in FY 2020-21.
- 218 **Intertransfer of Funds.** Allows the Legislature to intertransfer funds within the Department in the case of a State Administrative Board transfer of appropriations made in the article.  
**Background:** This section was added in FY 2020-21.

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- 219 **Report Retention.** Requires the Department to receive and retain all copies of reports funded from the appropriations in part 1.  
**Background:** This section was added in FY 2020-21.
- 220 **Policy Change Report.** Requires the Department to report on each specific policy change made to implement a public act that took effect during the prior calendar year.  
**Background:** This section was added in FY 2020-21.
- 221 **Severance Pay Report.** Requires the Department to report the name of and amount of severance pay given to a high-ranking department official and post to a website any severance pay in excess of 6 weeks wages.  
**Background:** This section was added in FY 2021-22 due to concerns of the legislature about severance pay allocated to department officials.
- 222 **COVID-19 Vaccine Documentation.** Prohibits departments and other government entities from requiring proof that an individual has received a COVID-19 vaccine as a condition for entering facilities or receiving services; developing, issuing, or requiring a vaccine passport; developing or making available a database allowing access to an individual's vaccination status; subjecting an individual to any negative employment consequence due to vaccination status. Provides exemptions for certain individuals in case of federal mandates regarding vaccine policies.  
**Background:** This section was added in FY 2021-22 due to debates over vaccine passports and mandates during the COVID-19 pandemic.
- 223 **Remote Work Prohibition.** States that the intent of the legislature is to prioritize in-person work for state employees, and requires departments receiving funding to post its remote work policy on its website.  
**Background:** This section was first included in FY 2022-23.
- 224 **Payment by Credit Card.** Allows the Department to accept credit cards and other electronic payments, unless prohibited by law.  
**Background:** This section was added in FY 2010-11.
- 225 **Television & Radio Show Prohibition.** Prohibits the Department from contracting with third-party vendors for the purpose of developing or producing television or radio shows.  
**Background:** This section was added in FY 2011-12 to prohibit development and production of any television or radio productions. It was modified in FY 2019-20 to prohibit only third-party contracts for these purposes. Language was modified in FY 2020-21 to allow for productions but require a report if a third-party vendor was used.
- 226 **Legislative Participation in Insurance Activities.** Permits the expenditure of funds from the insurance bureau fund in support of legislative participation in insurance activities coordinated by insurance and legislative associations in accordance with Section 225 of 1956 PA 218.  
**Background:** This language was first included in FY 2018-19.

**INSURANCE AND FINANCIAL SERVICES REGULATION**

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301 **Annual Rate Filings Report.** Report to the legislature shall be based on the annual rate filings from health insurance issuers and must include the numbers approved and denied, the percentage of rate filings processed within statutory time frames, the average number of calendar days to process rate filings, and an estimated percentage of the state's population without health insurance.

**Background:** This section was added in FY 2015-16. A reporting deadline of September 30 was added for FY 2017-18.

302 **Office of Financial and Insurance Services, Conservatorship and Liquidation.** Allows for the funds collected for a conservatorship or liquidation to be appropriated for all related expenses and permits the funds to be carried forward.

**Background:** This is a longstanding boilerplate section. Previous to FY 2011-12, this section was split into two separate sections that did essentially the same thing as this section. Modified in FY 2021-22 to increase cap from \$300,000 to \$400,000 total for Secs. 302 and 303.

303 **Non-Confidential Information Requests.** Allows the Department to make non-confidential information available to interested entities. The Department may charge a reasonable fee for this service. Revenue is to be appropriated when received for the service. Any revenue balance will lapse to a restricted fund.

**Background:** This section was added in FY 2016-17. Modified in FY 2021-22 to increase cap from \$300,000 to \$400,000 total for Secs. 302 and 303.

306 **Transmission of Annual Report to Subcommittees.** Requires the Department to transmit annual report to the subcommittees, fiscal agencies, and the State Budget Director.

**Background:** This section was added in FY 2019-20 and required the Department to provide a report on complaints received by the Office of Consumer Services. Modified in FY 2021-22 to require only transmission of annual report.

307 **Marijuana Banking Guidance.** Requires the Department to update examination manuals and letters of guidance to state-chartered financial institutions regarding department evaluation of institutions that provide financial services to marijuana-related businesses.

**Background:** This section was added in FY 2020-21.

308 **Health Care Claims Database Criteria.** Outlines criteria for DIFS to consider should it award a contract for the establishment of a state or regional health care claims database from federal funds.

**Background:** This section was added in FY 2021-22.

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