

FY 2018-19 GENERAL OMNIBUS BUDGET
Summary: House Committee Substitute
House Bill 5578 (H-1) Draft 1



Mary Ann Cleary, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

Budget Area (Bill Page) [Summary Page]	FY 2018-19	
	Gross	GF/GP
Agriculture and Rural Development (1) [2]	\$102,968,100	\$53,705,200
Corrections (30) [6]	2,017,125,100	1,961,910,200
Education (87) [13]	357,107,300	85,183,700
Environmental Quality (120) [16]	445,702,600	71,946,500
General Government (153) [20]		
Attorney General (154) [22]	101,848,900	40,106,800
Civil Rights (158) [24]	16,201,100	13,022,100
Executive Office (160) [25]	6,980,100	6,980,100
Legislature (161) [26]	157,281,800	152,487,500
Legislative Auditor General (163) [27]	24,938,000	17,105,800
State (164) [28]	246,662,800	18,466,300
Technology, Management, and Budget (169) [30]	1,328,661,000	454,921,900
Treasury (175) [34]	1,941,043,500	212,493,300
Talent and Economic Development (184) [38]	1,105,065,700	130,965,900
Subtotal: General Government	4,928,682,900	1,046,549,700
Health and Human Services (338) [43]	25,137,624,400	4,508,901,900
Insurance and Financial Services (525) [55]	67,971,900	150,000
Judiciary (537) [57]	303,983,300	195,983,700
Licensing and Regulatory Affairs (556) [60]	491,962,100	88,820,300
Military and Veterans Affairs (595) [64]	187,477,600	63,750,700
Natural Resources (632) [67]	436,105,300	46,744,300
State Police (661) [71]	712,714,500	455,302,800
Transportation (698) [76]	4,543,089,900	0
TOTAL	\$39,732,515,000	\$8,578,949,000

Note: Appropriation figures include all proposed appropriation amounts, including amounts designated as one-time.

FY 2018-19: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT



Summary: As Reported by House Subcommittee (HB 5568) Article I, House Bill 5578 (H-1) Draft 1

Analyst: William E. Hamilton

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$310,300	\$313,900	\$313,900			\$3,600	1.2
Federal	11,373,900	11,695,200	11,775,200			401,300	3.5
Local	0	0	0			0	--
Private	101,600	101,800	101,800			200	0.2
Restricted	36,661,000	37,072,000	37,072,000			411,000	1.1
GF/GP	66,251,800	53,705,200	53,705,200			(12,546,600)	(18.9)
Gross	\$114,698,600	\$102,888,100	\$102,968,100			(\$11,730,500)	(10.2)
FTEs	499.5	506.5	508.5			9.0	1.8

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of Agriculture and Rural Development's (MDARD) key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, consumer protection, and promoting the state's agricultural economy.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Food and Dairy – Milk Safety Quality Assurance

Executive includes increase of \$780,000 GF/GP with 5.0 additional FTE positions in dairy inspection program. This increase reflects increased workload due to increase in dairy production and processing in Michigan. This program is necessary to ensure compliance with the Pasteurized Milk Ordinance. Funding increase is provided from various GF/GP reductions within budget, as described below.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
FTE	31.0	7.0
Gross	\$4,510,300	\$1,160,000
Federal	111,300	80,000
Restricted	219,700	0
GF/GP	\$4,179,300	\$1,080,000

House provides a GF/GP increase of \$1.1 million - \$300,000 more than the Executive, and authorizes 38.0 FTE positions – 7.0 more than current year and 2.0 more than the Executive. House also includes an additional \$80,000 in federal spending authority to reflect federal Food and Drug Administration (FDA) grant awards.

2. Executive Direction – Office of Organizational Innovation

House concurs with Executive and includes \$307,100 GF/GP increase for two data management staff positions currently working in the department's Office of Organizational Innovation. These positions have been cross-funded through the Information Technology Investment Fund in the DTMB budget. Funding increase is provided from various GF/GP reductions within budget, as described below.

	FTE	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
FTE	20.0		0.0
Gross		\$2,216,900	\$307,100
Restricted	54,300		0
GF/GP		\$2,162,600	\$307,100

3. Laboratory Services – Federal Grant for ISO/Genome Sequencer

House concurs with Executive and recognizes increase in anticipated federal FDA grants for specialized lab equipment. The department has requested a transfer to increase federal spending authority in the current year as well.

	FTE	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
FTE	42.0		0.0
Gross		\$6,829,000	\$300,000
IDG	218,600		0
Federal	800,100		300,000
Restricted	1,272,300		0
GF/GP		\$4,538,000	\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
4. Food and Dairy – Food Safety Quality Assurance	FTE	94.0	2.0
<u>House</u> concurs with <u>Executive</u> and eliminates \$150,000 GF/GP that was added to current year budget for program related to proper management of draft beer delivery systems. Reduces baseline GF/GP support by \$250,000. The department indicates this reduction will not affect program activities; restricted funding in the line is sufficient to fully support programs, including education and outreach programs related to the federal Food Safety Modernization Act (FSMA). Budget also increases authorized FTE positions to reflect program staffing.	Gross	\$16,798,400	(\$400,000)
	Federal	2,326,500	0
	Restricted	5,510,000	0
	GF/GP	\$8,961,900	(\$400,000)
5. Animal Agriculture Initiative	Gross	\$0	\$400,000
<u>House</u> includes funding for this cooperative industry/Michigan State University research program. The current year budget had included funding for this program as part of the one-time Michigan State University/Agriculture Industry Research and Development program, as described in Item # 14 below.	GF/GP	\$0	\$400,000
6a. Environmental Stewardship/MAEAP	FTE	25.0	0.0
<u>House</u> concurs with <u>Executive</u> and reduces GF/GP support by \$100,000. The department indicates this reduction will not affect program activities; restricted funding in the line is sufficient to fully support programs.	Gross	\$10,236,600	(\$100,100)
	Federal	1,477,300	0
	Restricted	7,689,500	0
	GF/GP	\$1,069,800	(\$100,100)
<u>House</u> also shifts \$100 GF/GP from this line to new <i>Groundwater mapping</i> line, below.			
6b. Groundwater Mapping – NEW	Gross	\$0	\$100
<u>House</u> creates a new line item using a \$100 placeholder shifted from Environmental stewardship/MAEAP.	GF/GP	\$0	\$100
7. Farmland and Open Space Preservation	FTE	10.0	0.0
This program, commonly referred to as the PA 116 program, provides tax credits to qualified farmers and landowners who agree to restrictions on development rights. <u>House</u> concurs with <u>Executive</u> and reduces GF/GP support by \$99,900. The department indicates that a backlog in processing applications will soon be cleared allowing for a reduction in temporary employees.	Gross	\$1,623,100	(\$99,900)
	Restricted	1,410,600	0
	GF/GP	\$212,500	(\$99,900)
8. Qualified Forest Program	FTE	9.0	0.0
<u>Executive</u> reduces GF/GP support by \$130,000. <u>House</u> reduces GF/GP support by \$530,000; the House budget is \$400,000 GF/GP less than Executive.	Gross	\$2,697,300	(\$530,000)
	Restricted	480,200	0
	GF/GP	\$2,217,100	(\$530,000)
9. Watershed Phosphorus Removal Pilot Project – NEW	Gross	\$0	\$120,000
<u>House</u> includes funding for pilot project related to removal of phosphorus from lakes and other waterways.	GF/GP	\$0	\$120,000
10. Pesticide and Plant Pest Management (PPPM)	FTE	88.0	(1.0)
<u>Executive</u> \$200,000 GF/GP reduction is offset by anticipated increase in restricted Fertilizer Control Fund revenue. Reduces authorized positions by 1.0 FTE. <u>House</u> reduces GF/GP support by an additional \$400,000 as compared to the Executive.	Gross	\$14,073,800	(\$400,000)
	Federal	1,678,500	0
	Private	21,100	0
	Restricted	6,548,400	200,000
	GF/GP	\$5,825,800	(\$600,000)
11. Food and Agriculture Investment Program	Gross	\$4,743,900	(\$1,743,900)
<u>Executive</u> includes \$3.3 million GF/GP for grant program, a reduction of \$1.4 million from current year. <u>House</u> includes \$3.0 million GF/GP, \$1.7 million less than current year and \$300,000 less than Executive.	GF/GP	\$4,743,900	(\$1,743,900)
12. ACRE Agriculture Incubator – NEW	Gross	\$0	\$260,000
<u>House</u> includes funding for program that provides technology assistance to new and expanding agriculture-related businesses.	GF/GP	\$0	\$260,000

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
13. County Fairs, Shows, Expositions/Festivals	Gross	\$649,300	(\$229,300)
<u>Executive</u> includes \$400,000 GF/GP for program that provides matching capital grants to eligible county fairs, shows, and expositions, a reduction of \$249,300 from current year.	GF/GP	\$649,300	(\$229,300)
<u>House</u> includes \$419,900 for Fairs, shows, and expositions, and creates a new line item, Michigan festivals with a \$100 placeholder.			
14. Elimination of One-Time Funding	Gross	\$11,750,100	(\$11,750,100)
<u>House</u> concurs with <u>Executive</u> and eliminates \$11.6 million GF/GP for the following projects or programs identified in the current year budget as one-time: Enhanced Wildlife Risk Management, \$1.0 million; Intercounty drain mapping project, \$250,000; Michigan State University/Agriculture Industry Research and Development, \$8.4 million; Food Bank Council of Michigan quick freeze facility, \$2.0 million; campground development grant, \$100,000. Also eliminates \$100 placeholder related to Drinking water declaration of emergency.	Restricted	100	(100)
	GF/GP	\$11,750,000	(\$11,750,000)
15. Technical and Revenue Adjustments	Gross	NA	(\$86,300)
<u>House</u> concurs with <u>Executive</u> and includes various technical and revenue adjustments so that appropriated revenue better reflects anticipated revenue sources.	Federal	NA	(37,800)
	Restricted	NA	(48,500)
	GF/GP	NA	\$0
16. Economic Adjustments	Gross	NA	\$1,061,900
<u>House</u> concurs with <u>Executive</u> and recognizes increased costs of \$1.1 million Gross (\$739,400 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	3,600
	Private	NA	200
	Federal	NA	59,100
	Restricted	NA	259,600
	GF/GP	NA	\$739,400

Major Boilerplate Changes From FY 2017-18

Sec. 215. Communication with the Legislature – RETAINED

Prohibits department from taking disciplinary action against an employee for communicating with the Legislature. Executive had deleted; the House retains.

Sec. 234. Record Retention – RETAINED

Requires department to retain reports funded from Part 1 appropriations; record retention guidelines. Executive had deleted; the House retains.

Sec. 403. FSMA Program – RETAINED

Indicates legislative intent that the department establish a FSMA education and training program; section also authorizes use of federal funds in addition to those appropriated in Part 1. Executive had deleted; the House retains.

Sec. 451. Bovine TB Whole-Herd Testing – RETAINED

Requires department to pay for the costs of whole-herd testing and individual animal testing in the Modified Accredited Zone, including indemnity and compensation for animal injury. Executive had deleted; the House retains.

Sec. 453. Indemnification Payments – RETAINED

Requires specific appropriation for indemnification payments that exceed \$100,000; specific reporting requirements related to indemnification payments. Executive had deleted; the House retains.

Sec. 457. Bovine TB Quarterly Report – RETAINED

Specific reporting requirements related to Bovine TB program. Executive had deleted; the House retains.

Sec. 458. Aquaculture – RETAINED

Requires the department to provide inspection and testing of aquaculture facilities. Executive had deleted; the House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 459. Bovine TB Testing, Legislative Intent – RETAINED

Section describes legislative intent that the department not conduct whole-herd testing of any one herd in a TB-free zone more often than once every four years, except under specific conditions.

Executive had deleted; the House retains.

Sec. 461. Bovine TB Risk Mitigation – DELETED

Describes the Bovine TB risk mitigation program; which was a one-time funding program in the current year budget.

Sec. 462. Apiary Protection – NEW

House establishes a \$20,000 earmark for apiary protection program.

Sec. 652. Laboratory Program Turnaround Times – RETAINED

Deletes section that established laboratory turnaround time metrics.

Executive had deleted; the House retains.

Sec. 702. Rural Development Fund/Program – RETAINED

Section that directs department to work with Rural Development Fund Board.

Executive had deleted; the House retains.

Sec. 709. Grape and Wine Industry Council Report – RETAINED

Executive would include as part of the Agriculture Development Division Annual Report required under Section 706.

House retains as a separate report.

Sec. 804. Michigan Gaming Control Board – RETAINED

Requires MGCB to use actual expenditure data in determining regulatory costs.

Executive had deleted; the House retains.

FY 2018-19: DEPARTMENT OF CORRECTIONS
Summary: As Reported by House Subcommittee (HB 5562)
Article V, House Bill 5578 (H-1) Draft 1



Analyst: Robin R. Risko

IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
Federal	5,293,800	5,315,200	5,315,200			21,400	0.4
Local	8,842,400	8,960,100	8,960,100			117,700	1.3
Private	0	0	0			0	--
Restricted	41,149,400	40,939,600	40,939,600			(209,800)	(0.5)
GF/GP	1,946,633,600	1,979,910,200	1,961,910,200			15,276,600	0.8
Gross	\$2,001,919,200	\$2,035,125,100	\$2,017,125,100			\$15,205,900	0.8
FTEs	13,819.9	13,967.2	13,967.2			147.3	1.1

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 31 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education, food service, transportation, and reintegration programs. Also, the department is responsible for the supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of March 1, 2018, the department was responsible for 97,596 Michigan offenders: 39,313 prisoners, 43,482 probationers, and 14,801 parolees.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. West Shoreline Correctional Facility Closure

Executive reflects a savings of \$18.9 million Gross (\$18.8 million GF/GP) and a reduction of 212.7 FTE positions due to closure of the West Shoreline Correctional Facility. Net savings will be achieved from a combination of the following: eliminating \$21.3 million in funding used for operation of the facility; reducing funding for education programs by \$501,700; reducing funding for clinical and mental health care by \$1.4 million; reducing funding for prison store operations by \$92,000; and increasing funding by \$4.3 million to cover costs of re-opening closed housing units at four other correctional facilities to accommodate 1,264 prisoners coming from West Shoreline. The closure will impact 164 active employees. House concurs.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
FTE	212.7	(212.7)
Gross	\$18,924,700	(\$18,924,700)
Restricted	92,000	(92,000)
GF/GP	\$18,832,700	(\$18,832,700)

2. Prison Food Service

Executive includes \$13.7 million GF/GP and authorization for 352.0 FTE positions to change over operation of prison food service from a private provider to state employees. Roughly \$6.6 million of the increase is attributed to legacy costs. Out-sourcing of prison food service began in December 2013, with Aramark first providing the service. The contract with Aramark was terminated and a new contract with Trinity began in July 2015. The current contract with Trinity will expire at the end of July 2018. According to the department, staffing vacancies, food substitutions, food service delays, sanitation issues, and prisoner grievances have been major issues with both contractors. House concurs.

	FTE	
FTE	0.0	352.0
Gross	\$57,163,500	\$13,667,100
GF/GP	\$57,163,500	\$13,667,100

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change	
<p>3. One-Time Funding for Training of New Custody Staff</p> <p><u>Executive</u> includes \$9.2 million in one-time GF/GP funding to train an additional 359 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. (Travel and lodging is paid during training if participants live away from the facilities to which they are assigned.) On average, 50 custody staff retire each month. With the additional funding added to the FY 2017-18 base of \$9.4 million, the department will be able to train roughly 730 new officers in FY 2018-19. <u>House</u> includes \$8.2 million in one-time GF/GP.</p>	Gross GF/GP	NA NA	\$8,227,700 \$8,227,700
<p>4. Program Eliminations</p> <p><u>Executive</u> reflects a savings of \$6.0 million GF/GP due to the following program eliminations:</p> <ul style="list-style-type: none"> • Goodwill Flip the Script Program (\$1.5 million) – funding was first included in the FY 2014-15 budget for Goodwill Industries of Greater Detroit in Wayne County to provide education, job training, and mentoring to troubled 16-39 year-olds, who have entered into the criminal justice system for the first or second time, in an effort to keep them out of prison. • Substance Abuse Parole Certain Sanction Program (\$1.4 million) – funding was first included in the FY 2015-16 budget for distribution to accredited rehabilitation organizations offering services to parole violators. • Supervising Region Incentive Program (\$1.0 million) – funding was first included in the FY 2016-17 budget to provide incentives to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction. • Future Facility and Staff Transition Costs (\$1.0 million) – funding was first included in the FY 2016-17 budget to cover staff transition costs when a new correctional facility came online. • Online High School Equivalency Pilot Program (\$1.0 million) – funding was first included in the FY 2017-18 budget to serve up to 400 prisoners through a regionally accredited public or private school district that offers career-based online high school diplomas. • Federally Qualified Health Center Pilot Program (\$75,000) – funding was first included in the FY 2017-18 budget for the department to work with the organization that represents federally qualified health centers to implement a pilot project to ensure that behavioral and physical health needs of parolees and probationers are met. <p><u>House</u> reflects a savings of \$2.1 million GF/GP from elimination of Future Facility and Staff Transition Costs, Online High School Equivalency Pilot Program, and Federally Qualified Health Center Pilot Program. <u>House</u> retains current year funding for Goodwill Flip the Script, Substance Abuse Parole Certain Sanction, and Supervising Region Incentive programs.</p>	Gross GF/GP	\$6,015,000 \$6,015,000	(\$2,075,000) (\$2,075,000)
<p>5. Removal of One-Time Funding</p> <p><u>Executive</u> eliminates \$4.4 million in one-time GF/GP funding that was included in the FY 2017-18 budget for training new custody staff. <u>House</u> concurs.</p>	Gross GF/GP	\$4,359,000 \$4,359,000	(\$4,359,000) (\$4,359,000)
<p>6. Higher Custody Level Programming</p> <p><u>Executive</u> includes \$4.0 million GF/GP (\$2.4 million one-time; \$1.6 million ongoing) to expand access to programming to higher security level prisoners (i.e., Level IV, Level V, and Administrative Segregation prisoners). The department manages over 9,000 prison beds in higher custody level settings within 76 housing units located at 18 different facilities. Currently, access to programming for these prisoners is very limited and primarily focused on behavior. Through the use of tablet computers, programming will be aimed at improving education, skill level, and behavior. <u>House</u> concurs.</p>	Gross GF/GP	NA NA	\$4,000,000 \$4,000,000

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
7. Health Care Recruitment and Retention	Gross	NA	\$3,762,400
<u>Executive</u> includes \$3.8 million GF/GP for recruitment and retention of health care professionals, specifically, dentists, registered nurses, and qualified mental health professionals. Civil Service changed classifications and adjusted pay levels for certain medical and psychiatric positions, which requires additional funding. Also, the Bureau of Health Care Services within the department proposes offering a \$5,000 signing bonus to registered nurse candidates per the UAW contract, and increasing base pay for dentists by 20% pursuant to Civil Service rules. <u>House</u> concurs.	GF/GP	NA	\$3,762,400
8. Corizon Contract Adjustment	Gross	\$71,636,400	(\$1,500,000)
<u>Executive</u> includes \$2.5 million GF/GP to cover costs of required inflationary adjustments. The contract requires an annual increase in the base per prisoner per month cost for physical and mental health care services, including pharmaceuticals. <u>House</u> does not include the additional funding, and reduces current year funding by \$1.5 million GF/GP based on the declining prison population.	GF/GP	\$71,636,400	(\$1,500,000)
9. Offenders with Special Needs Contract – Volume Adjustment	Gross	NA	\$1,648,700
<u>Executive</u> includes \$1.6 million GF/GP to support increased caseload and associated costs for reentry services for high-risk parolees with special needs. The number of offenders referred for these services by the Parole Board increased from 680 cases to 839 cases last year resulting in increased costs to the department. <u>House</u> concurs.	GF/GP	NA	\$1,648,700
10. Prisoner Reentry Services Contracts with Local Service Providers	Gross	\$13,208,600	\$1,291,400
<u>Executive</u> includes \$1.3 million GF/GP to support increased caseload and increased costs for reentry services provided by local service providers for parolees (i.e., housing and job placement, health and behavioral health, and social support services). <u>House</u> concurs.	GF/GP	\$13,208,600	\$1,291,400
11. Probation Residential Services	Gross	\$15,475,500	\$850,000
<u>Executive</u> includes \$850,000 GF/GP to support increased demand for probation residential services (i.e., cognitive behavioral therapy, substance abuse, employment, medical, case management, and temporary housing). Emphasis placed on use of community-based sanctions and services for the probation population has resulted in increased demand for services and associated increased costs. <u>House</u> concurs.	GF/GP	\$15,475,500	\$850,000
12. Sewer Treatment Rate Increase	Gross	NA	\$184,300
<u>Executive</u> includes \$184,300 GF/GP to cover the cost of a sewage rate increase at the Gus Harrison Correctional Facility. The 75.9% rate increase was initiated by Madison Township in Lenawee County. <u>House</u> concurs.	GF/GP	NA	\$184,300
13. Fund Source Adjustments	Gross	\$6,908,500	(\$278,000)
<u>Executive</u> reduces authorization for state restricted Parole and Probation Oversight Fees by \$428,000 and increases authorization for state restricted Tether Program Participant Contributions by \$150,000 to reflect the amount of revenue the department anticipates collecting. <u>House</u> concurs.	Restricted GF/GP	6,908,500 \$0	(278,000) \$0
14. Health Care FTE Adjustments	FTE	NA	8.0
<u>Executive</u> eliminates 4.0 vacant Psychiatrist positions, which are no longer needed because they are filled through the integrated health care contract with Corizon, and adds FTE position authorization for the Clinical Complexes (7.0) and Mental Health Services and Support (1.0) line items. <u>House</u> concurs.	Gross GF/GP	NA NA	\$0 \$0
15. Technical Adjustments	Gross	NA	\$0
<u>Executive</u> makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made in order to more accurately reflect employee counts and where expenditures occur as a result of reorganizations within the department. <u>House</u> concurs.	GF/GP	NA	\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
16. Economic Adjustments	Gross	NA	\$25,692,100
<u>Executive</u> reflects increased costs of \$25.7 million Gross (\$25.4 million GF/GP) for negotiated salary and wage increases (2.0% ongoing), insurance rate increases, actuarially required retirement contributions, worker's compensation premium costs, building occupancy charges, and fuel and utility costs. <u>House</u> concurs.	Federal	NA	21,400
	Local	NA	117,700
	Restricted	NA	160,200
	GF/GP	NA	\$25,392,800
17. Facility Closure	Gross	NA	(\$16,031,100)
<u>Executive</u> does not make a recommendation. <u>House</u> reflects a savings of \$16.0 million GF/GP to be achieved by closing a correctional facility.	GF/GP	NA	(\$16,031,100)
18. Medication-Assisted Treatment Reentry Pilot Program	Gross	\$500,000	\$500,000
<u>Executive</u> retains current year funding for the Medication-Assisted Treatment Reentry Pilot Program, which provides prerelease treatment and post-release referral for opioid- and alcohol-addicted offenders. Offenders receive one injection prior to being released from custody and are connected with an aftercare plan. <u>House</u> includes an additional \$500,000 GF/GP for expansion of the program.	GF/GP	\$500,000	\$500,000
19. PTSD Study	Gross	NA	\$50,000
<u>Executive</u> does not make a recommendation. <u>House</u> includes \$50,000 GF/GP for the department to conduct a comprehensive study of the prevalence of post-traumatic stress disorder and other psychological issues among correctional officers that are exacerbated by the corrections environment and exposure to highly stressful situations.	GF/GP	NA	\$50,000
20. Savings from Historical Lapses	Gross	NA	(\$1,500,000)
<u>Executive</u> does not make a recommendation. <u>House</u> reflects a savings of \$1.5 million GF/GP from reducing appropriations for the following line items:	GF/GP	NA	(\$1,500,000)
<ul style="list-style-type: none"> • Prosecutorial and Detainer Expenses (\$450,000) • Substance Abuse Testing and Treatment (\$500,000) • Housing Inmates in Federal Institutions (\$100,000) • Inmate Legal Services (\$100,000) • Community Corrections (\$100,000) • Field Operations (\$250,000). 			

Major Boilerplate Changes From FY 2017-18

Sec. 206. Disciplinary Action Against State Employees and Prisoners – RETAINED

Prohibits MDOC from taking disciplinary action against employees or prisoners for communicating with legislators or their staff. Executive deletes. House retains.

Sec. 216. FTE Positions and Long-Term Vacancies – DELETED

Requires MDOC to report on the number of FTE positions in pay status by civil service classification, to include an accounting of long-term vacancies. Executive deletes. House deletes.

Sec. 217. Receipt and Retention of Required Reports – RETAINED

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

Sec. 239. Management-to-Staff Ratio – DELETED

Expresses legislative intent that MDOC maintain a management-to-staff ratio of 1 supervisor to 8 employees at the central office in Lansing and at the northern and southern region administration offices. Executive deletes. House deletes.

Sec. 248. Consensus Revenue Estimating Conference (CREC) – DELETED

Requires the House and Senate Fiscal Agencies and the State Budget Director, or State Treasurer, to establish a projected prisoner population, and a projected number of available beds based on prisoner population, at the May 2018 CREC. Executive deletes. House deletes.

Major Boilerplate Changes From FY 2017-18

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Sec. 308. Mental Health Awareness Training – RETAINED

Requires MDOC to provide training for all custody staff who handle prisoners with mental illness; requires mental health awareness training to be incorporated into training of new custody staff. Executive deletes. House retains.

Sec. 309. Maintenance and Utility Costs at Facilities – RETAINED

Requires MDOC to report on maintenance and utility costs and plans for capital improvement costs for each correctional facility. Executive deletes. House retains.

Sec. 310. Strategic Plan Reporting – DELETED

Requires MDOC to report on strategies to decrease recidivism rates, strategies to increase rehabilitative function of correctional facilities, metrics to track and ensure prisoner readiness to reenter society, and constructive actions for providing prisoners with life skills development. Executive deletes. House deletes.

Sec. 312. PTSD Study – NEW

Requires MDOC to conduct a comprehensive study of the prevalence of post-traumatic stress disorder and other psychological issues among correctional officers that are exacerbated by the corrections environment and exposure to highly stressful situations; requires a report on results of the study. Executive does not include. House includes new language.

OFFENDER SUCCESS ADMINISTRATION

Sec. 405. Substance Abuse Testing and Treatment – RETAINED

Requires MDOC to report on substance abuse testing and treatment program objectives, outcome measures, and results, including impact on offender success and programmatic success. Executive deletes. House retains.

Sec. 406. Federally Qualified Health Centers (FQHCs) – RETAINED

Requires MDOC to work with the organization representing federally qualified health centers to implement a pilot project to ensure behavioral and physical health needs of parolees and probationers are met; requires the pilot project to position FQHCs to ensure parolees and probationers are enrolled in and maintain access to benefits they qualify for, are linked to health care services they need, follow up with providers, stay on medications, are engaged in services, and have barriers to care addressed; requires MDOC to make necessary accommodations to perform transition planning to allow for a direct referral to the FQHC organization for patients in relevant areas; authorizes FQHCs to submit annual reports. Executive deletes. House retains.

Sec. 411. Community Corrections Comprehensive Plans – RETAINED

Establishes further requirements for community corrections comprehensive plans, such as information on sanctions and services available and utilized, local communities' plans to respond to sentencing guidelines, and strategies to collaborate with state and local alcohol and drug treatment agencies. Executive deletes. House retains.

Sec. 412. Community Corrections Biannual Report – RETAINED

Specifies details to be included in the biannual report required by the Community Corrections Act, 1988 PA 511 (e.g., levels of funding, program utilization levels, profile information of offenders, data on residential services, offender disposition data). Executive deletes. House retains.

Sec. 413. Community Corrections and Jail Data – DELETED

Requires development of certain databases on local correctional trends and jail utilization; requires county cooperation in providing necessary jail data. Executive deletes. House deletes.

Sec. 417. Reports on Community Programs – RETAINED

Requires MDOC to report on program expenditures, program details, and program impacts and results for County Jail Reimbursement Program, Felony Drunk Driver Jail Reduction and Community Treatment Program, and any new initiatives aimed at controlling prison population growth. Executive deletes. House retains.

Sec. 419.(1) Offender Data Reports – RETAINED

Requires MDOC to provide weekly electronic mail reports on prisoner populations by security level by facility, prison facility capacities, and parolee and probationer populations. Executive deletes. House retains.

Sec. 421. Substance Abuse Parole Certain Sanction Program – RETAINED

Requires MDOC to distribute funding to accredited rehabilitation organizations in Berrien, Calhoun, Genesee, Kalamazoo, Kent, Macomb, Muskegon, Oakland, Saginaw, and Wayne Counties for operation and administration of a pilot program to be utilized as a condition of parole for technical parole violators; requires reports from organizations on program performance measures, number of individuals participating in programs, number of individuals returning to prison after participating in programs, and outcomes of participants completing programs. Executive deletes. House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 437. Goodwill Flip the Script – RETAINED

Requires MDOC to contract with a nonprofit entity in a county with greater than 1.5 million people to provide persons aged 16-39 with education, job training, and mentoring in an effort to keep them out of prison; requires the program to target individuals entering the criminal justice system for the first or second time; requires report on program performance measures, number of individuals diverted from incarceration, number of individuals served, and outcomes of participants completing the program. Executive deletes. House retains.

FIELD OPERATIONS ADMINISTRATION

Sec. 601. Parole and Probation Agent Caseload Audits – DELETED

Requires caseload audits of field agents to evaluate public protection issues and assess agents' abilities to complete their professional duties. Executive deletes. House deletes.

Sec. 602. Supervising Region Incentive Program – RETAINED

Requires funding for Supervising Region Incentive Program to be used to provide incentives to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction. Executive deletes. House retains.

Sec. 604.(2) Criminal Justice Reinvestment – DELETED

Allocates \$600,000 to an organization that provides programming and job training services to county jail inmates to prepare them for employment upon release from jail. Executive deletes. House deletes.

Sec. 611. Annual Program Reports – RETAINED

Specifies content to be included in reports by MDOC on community reentry, electronic monitoring, and special alternative incarceration programs (e.g., successful and unsuccessful terminations, end of month populations, length of placements, returns to prison, cost effectiveness of programs). Executive deletes. House retains.

Sec. 612. Violators of Parole and Probation – RETAINED

Requires MDOC to review and revise proposals for alternatives to prison for technical violators of parole and probation; requires MDOC to report on number of probationers and parolees returned to or sent to prison for new crimes, number of probationers and parolees returned to or sent to prison for technical violations, educational history of offenders, number of offenders who participated in reentry programs, number of offenders who participated in substance abuse treatment programs, mental health programs, or both. Executive deletes. House retains.

HEALTH CARE

Sec. 802. Health Care Expenditures – RETAINED

Requires MDOC to report on expenditures, allocations, status of payments, and projected expenditures from accounts for prisoner health care, mental health care, pharmaceutical services, and durable medical equipment. Executive deletes. House retains.

Sec. 802.(2) Detailed Report on Health Care Expenditures – NEW

Requires reports required in section 802 to itemize health care expenditures for physical health care, clinical care, mental health care, and pharmacy services by care that is provided directly by department staff and care that is provided as part of the integrated health care services contract. Executive does not include. House includes new language.

Sec. 803. Standard Medical Release Form – RETAINED

Requires MDOC to give all prisoners the opportunity to sign a medical release of information form, effective for one year, designating a family member or other individual to whom MDOC is authorized to release information; requires MDOC to assure forms follow prisoners if and when they are transferred to other facilities or released from prison. Executive deletes. House retains.

Sec. 812. Medicaid Utilization by Prisoners – RETAINED

Requires MDOC and DHHS to exchange information regarding newly-committed prisoners who may be Medicaid-eligible; requires MDOC to assist outgoing prisoners with Medicaid enrollment; requires report on utilization of Medicaid benefits for prisoners. Executive deletes. House retains.

Sec. 816. Pharmaceutical Expenditures – RETAINED

Requires MDOC to report on pharmaceutical expenditures and prescribing practices, including expenditures on antipsychotic medications and any changes made to prescription drug formularies. Executive deletes. House retains.

CORRECTIONAL FACILITIES ADMINISTRATION

Sec. 902. Future Facility Staff Transition – DELETED

Requires appropriation to be used for staff transition costs. Executive deletes. House deletes.

Sec. 904. Cost Per Prisoner Per Day – RETAINED

Requires MDOC to report on per prisoner/per day costs for each prisoner security custody level, including actual direct and indirect costs, and allocation of statewide legacy costs. Executive deletes. House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 905. Leased Beds and Alternatives to Leased Beds – DELETED

Authorizes MDOC to implement a county jail bed program to house eligible prisoners in county jails rather than in state correctional facilities; authorizes counties to volunteer to participate in the program; specifies criteria that prisoners must meet in order to be eligible to participate in the program. Executive deletes. House deletes.

Sec. 908. Online Career High School Education Program – DELETED

Requires MDOC to establish an online career high school education pilot program to serve up to 400 prisoners through a regionally accredited public or private school district that offers career-based online high school diplomas; requires the school district chosen for the pilot program to be paid a specified amount per prisoner per course successfully completed; authorizes MDOC to use federal funds to expand the program beyond 400 prisoners; requires MDOC to report on progress of prisoners in the program. Executive deletes. House deletes.

Sec. 913.(2) Enrollment in and Completion of Various Programming – RETAINED

Expresses legislative intent that prisoners who are required to complete sex offender, assaultive offender, violent offender, and Thinking for Change programming as a condition of parole be transferred to facilities where programming is available. Executive deletes. House retains.

Sec. 937. Competitive Bidding – DELETED

Prohibits MDOC from issuing a RFP for a contract in excess of \$5.0 million unless MDOC has first considered a request for information (RFI) or a request for qualification (RFQ) relative to the contract. Executive deletes. House deletes.

Sec. 940. Use of State-Owned Facilities – RETAINED

Requires for-profit entities using state-owned facilities to pay fair market value for use of facilities and to make payments in lieu of taxes to local jurisdictions equivalent to what local units would receive if facilities were privately owned. Executive deletes. House retains.

Sec. 942. Auditor General and Corrections Ombudsman Access to Contracted Facilities – RETAINED

Requires any contract with a third-party to operate a facility to house Michigan prisoners to include a provision allowing access to the facility and appropriate records by the Auditor General and Legislative Corrections Ombudsman. Executive deletes. House retains.

Sec. 943. Savings from Prison Closures – RETAINED

Requires MDOC to report on actual and projected savings achieved by closing correctional facilities, starting with closure of the Pugsley Correctional Facility. Executive deletes. House retains.

Sec. 944. Economic Impact of Prison Closures – RETAINED

Requires MDOC to consider the potential economic impact of a prison closure on the community where the facility is located. Executive deletes. House retains.

Sec. 945. Notice on Intent to Renew or Rebid Food Service Contract – DELETED

Requires MDOC to provide notice to the legislature and fiscal agencies of its intent to renew or rebid the prisoner food service contract. Executive deletes. House deletes.

Sec. 945. Report on Implementation of Utilizing State Employees for Food Service – NEW

Requires MDOC to provide monthly status reports on implementation of utilization of state employees for prison food service operations; specifies information to be included in reports. Executive does not include. House includes new language.

Sec. 1011. Religious Cable Programming – RETAINED

Authorizes MDOC to accept in-kind services and equipment donations to facilitate the addition of a cable network that provides religious programming for prisoners; prohibits addition of channels from costing the state. Executive deletes. House retains.

Sec. 1013. Faith-Based Reentry Programs – RETAINED

Authorizes priority to be given to funding reentry or rehabilitation programs that have been demonstrated to reduce prison violence and recidivism, including faith-based initiatives. Executive deletes. House retains.

Sec. 1201. Anticipated FY 2018-19 Appropriations – DELETED

Expresses legislative intent that FY 2018-19 appropriations will be funded at the same level as FY 2017-18 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues. Executive deletes. House deletes.

FY 2018-19: DEPARTMENT OF EDUCATION
Summary: As Reported by House Subcommittee (HB 5577)
Article VI, House Bill 5578 (H-1) Draft 1



Analyst: Samuel Christensen

IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
Federal	254,084,700	255,366,800	255,366,800			1,282,100	0.5
Local	5,817,200	5,852,800	5,852,800			35,600	0.6
Private	2,034,300	2,035,800	2,035,800			1,500	0.1
Restricted	8,567,600	8,668,200	8,668,200			100,600	1.2
GF/GP	81,677,400	85,183,700	85,183,700			3,506,300	4.3
Gross	\$352,181,200	\$357,107,300	\$357,107,300			\$4,926,100	1.4
FTEs	609.5	620.5	620.5			11.0	1.8

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. School Reform Office to MDE: Partnership District Support Operations

Executive provides \$2.9 million GF/GP and 9.0 FTEs to Partnership District Support Operations for the transfer of the School Reform Office (SRO) from DTMB to MDE (Executive Order 2017-5). Operational support will be responsible for supporting existing partnership districts as partnership liaisons, as well as data analysis, financial management, and office management for school reform efforts.

House concurs with Executive.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
FTE	4.0	9.0
Gross	\$641,800	\$2,853,400
GF/GP	\$641,800	\$2,853,400

2. School Reform Office to MDE: State Board/Superintendent Operations

Executive provides \$497,600 GF/GP and 2.0 FTEs to State Board/Superintendent Operations for the transfer of the School Reform Office (SRO) from DTMB to MDE (Executive Order 2017-5). Operational support staff would work with the superintendent to identify, partner, and hold districts accountable for meeting goals outlined in partnership agreements.

House concurs with Executive.

	FTE	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
FTE	11.0		2.0
Gross		\$2,104,200	\$497,600
Federal		156,600	0
Private		28,100	0
Restricted		654,400	0
GF/GP		\$1,265,100	\$497,600

3. Early Literacy Implementation

Executive provides \$1.0 million GF/GP to School Support Services Operations for continuing implementation of literacy initiatives funded in Section 35a of the School Aid Act. Previously, these funds were located in Section 35 of the School Aid Act.

House concurs with Executive.

	Gross	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	\$15,571,200		\$1,000,000
Federal		14,522,300	0
Local		11,700	0
Restricted		159,300	0
GF/GP		\$877,900	\$1,000,000

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
4. Project UNIFY	Gross	\$15,571,200	\$500,000
<u>Executive</u> provides \$500,000 GF/GP to School Support Services Operations for Project UNIFY, now known as Special Olympics Unified Champion Schools. MDE oversees the program and has been reimbursed by DHHS since 2015, but would now be directly funded. The program brings together students with and without disabilities through education, sports, and leadership enrichment activities in their communities.	Federal	14,522,300	0
<u>House</u> concurs with Executive.	Local	11,700	0
	Restricted	159,300	0
	GF/GP	\$877,900	\$500,000
5. Braille Textbook Production Expansion	Gross	\$450,000	\$300,000
<u>Executive</u> increases by \$300,000 in restricted funds in the Michigan Schools for the Deaf and Blind unit's Low Incidence Outreach program to a total of \$750,000. The increased appropriation allows for increased production and sale of specialized braille books, and additional fund revenue provides free books, services, supports, and training for students, teachers, parents, and other related personnel.	Restricted	450,000	300,000
<u>House</u> concurs with Executive.	GF/GP	\$0	\$0
6. Renaissance Zones Adjustment	Gross	\$3,300,000	(\$800,000)
<u>Executive</u> reduces funding for Renaissance Zone reimbursements to libraries by \$800,000 GF/GP. Estimated reimbursement payments required by statute have decreased due to recent Personal Property Tax reform.	GF/GP	\$3,300,000	(\$800,000)
<u>House</u> concurs with Executive.			
7. Economic Adjustments	Gross	NA	\$1,506,300
<u>Executive</u> includes economic adjustments that reflect increased costs of \$1.5 million Gross (\$455,300 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	901,400
<u>House</u> concurs with Executive.	Local	NA	47,300
	Private	NA	1,500
	Restricted	NA	100,800
	GF/GP	NA	\$455,300

Major Boilerplate Changes From FY 2017-18

Executive DELETED but House RETAINED:

- Communication with the Legislature (Sec. 222)
- Records Retention (Sec. 223)
- Timely Data (Sec. 227)
- Contract Notification (Sec. 229)
- Nonpublic School Mandates (Sec. 230)
- Travel Expenditures (Sec. 302)
- Federal and Private Grants (Sec. 325)
- Keep Library Functions Together (Sec. 803)
- Number of Childcare Providers (Sec. 1001)
- CDC TEACH Scholarship (Sec. 1004)
- Drinking Water Declaration of Emergency – CDC Pilot (Sec. 1101)

Sec. 225. Grant Application Penalty – REVISED

Requires that MDE send districts a list of grants available in the School Aid Budget by October 1, 2017, and open the grant application process by December 1, 2017. Reduces state funding for state board/superintendent operations by 1% if the MDE fails to comply.

Executive revises that only "known" grants in the School Aid grant application process must be open by December 1, 2018 to reflect the possibility that certain grants, especially federal grants that are available for FY 2018-19, will not be either open or available for review by the deadline. House revises the set of requirements for the state grant award process and would reduce state money appropriated for unclassified positions, state board/superintendent operations, school support services operations, and field services operations by 5% if the following requirements are not met for FY 2018-19: not later than August 1, 2018 MDE open the grant application process and send districts and post on its publicly accessible website the grant application and award process schedule and the list of the state grants available; on October 1, 2018 close the grant application process and begin the award process for state grants; and not later than November 1, 2018 distribute grant awards.

Major Boilerplate Changes From FY 2017-18

Sec. 350. Special Education Reform Task Force Guidelines – REVISED

Requires the Office of Special Education to address the Special Education Reform Task Force Guidelines to design and distribute parent-friendly information for all Individualized Education Plans (IEPs), as well as train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities. Executive revises to indicate the cost, \$100,000 from Special Education Operations, for the design and distribution to all parents and legal guardians of a student with a disability information for all Individualized Education Plans (IEPs). Deletes the requirement to train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities. House concurs with Executive.

Sec. 407. Gifts, Bequests, and Donations – REVISED

States that revenue from gifts, bequests, and donations that is unexpended at end of fiscal year may be carried over to next fiscal year and not revert to general fund. Executive revises to remove local district service fees from the list of unexpended state revenue sources that if unexpended at the end of the fiscal year may be carried over to the next fiscal year and not revert to general fund because it is a fund source that is no longer collected and appropriated. House concurs with Executive.

Sec. 601. Early Literacy Implementation – NEW

Executive creates a new section to direct the early literacy implementation funding to costs associated with programs for early childhood literacy funded in Section 35a of the State School Aid Act. *See major budget changes for Early Literacy Implementation.* House concurs with Executive.

Sec. 701. Multi-Tiered Systems of Support (MTSS), At Risk, Reading Intervention Funding Support – REVISED

Requires MDE to produce a report detailing the progress made by districts with grades K-3 receiving at-risk funding under section 31a of the State Aid Act in implementing Multi-Tiered Systems of Supports (MTSS), in implementing MTSS for grades 4-8 in the prior school fiscal year, and in providing reading intervention services described in section 1280f of the revised school code. Executive revises the report that details progress made by districts receiving At Risk funding under section 31a of the State School Aid Act from those with grades K to 3 to those with grades K to 8. Also revises the portion of the report for implementing MTSS in the prior school year to presumably all grades since the grade restriction, 4 to 8, was removed from the section. House revises the grades for the report detailing the progress made by districts receiving at-risk under section 31a of the State Aid Act from K-3 to K-12, as well as the grades for the report in implementing MTSS from 4-8 to K-12.

Sec. 1002. CDC Provider Reimbursement Rate Increase – REVISED

Requires the department to increase the provider reimbursement rates for child care centers, group homes, and registered family homes under the following guidelines: by \$0.25 per hour for each child for empty star, 1-star, and 2-star; by \$0.50 per hour for each child for 3-star and 4-star; and by \$0.75 for 5-star. For unlicensed providers, the provider reimbursement rate would increase by \$0.25 per hour for each child for tier 1 and \$0.75 per hour for each child for tier 2. The department is also required to publish the new final reimbursement rates on its and the great start to quality webpages by the date that the new rates take effect. Executive deletes this section. House revises to set the final rates after the FY 2017-18 reimbursement increases as the rates for the CDC program.

Sec. 1005. CDC Childcare Monitoring – DELETED

Requires MDE to coordinate with LARA to provide fingerprint services and background checks of employees of childcare providers as required by the federal Child Care and Development Block Grant. Executive and House delete this section.

Sec. 1009. CDC Increase to Eligibility Entrance Threshold – REVISED

Requires MDE to use \$5.5 million federal CCDF to increase the eligibility entrance threshold for the CDC program from 125% to 130% of the federal poverty guidelines. Executive deletes this section. House revises to set the CDC eligibility entrance threshold at 130% of the federal poverty guidelines.

Sec. 1021. National Career Readiness Certificate – DELETED

Requires MDE to renegotiate the ACT WorkKeys test to ensure the costs for registering and providing students with the National Career Readiness Certificate are included in the contract cost and are not charged to the student. Executive and House delete this section.

FY 2018-19: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As Reported by House Subcommittee (HB 5573)
Article VII, House Bill 5578 (H-1) Draft 1



Analyst: Austin Scott

IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
	\$3,100,500	\$3,143,700	\$3,143,700			\$43,200	1.4
Federal	170,042,600	160,225,400	160,225,400			(9,817,200)	(5.8)
Local	0	0	0			0	--
Private	555,300	1,061,700	1,061,700			506,400	91.2
Restricted	314,725,300	283,210,700	209,325,300			(105,400,000)	(33.5)
GF/GP	63,081,500	46,946,500	71,946,500			8,865,000	14.1
Gross	\$551,505,200	\$494,588,000	\$445,702,600			(\$105,802,600)	(19.2)
FTEs	1,252.0	1,263.0	1,221.0			(31.0)	(2.5)

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Environmental Quality (DEQ) is responsible for managing Michigan's air, land, and water resources. Departmental functions include improving resource quality, reducing waste, and mitigating threats to Michigan's environment.

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
1. Renewing Michigan's Environment Program			
<u>Executive</u> intends to use 75.0 FTEs and \$79.0 million in restricted funding, the majority of which would be generated by a proposed increase in Michigan's solid waste tipping fee from \$0.36 per ton to \$4.75 per ton, to partially offset the loss of Clean Michigan Initiative funding. This new program would include the following:	FTE	NA	11.0
	Gross	NA	\$25,000,000
	GF/GP	NA	\$25,000,000
Remediation and redevelopment (including vapor intrusion and PFAS)	\$45,000,000		
Recycling grants	15,000,000		
Solid waste management	6,000,000		
State park infrastructure	5,000,000		
Water quality monitoring grants	5,000,000		
Asbestos and landfill gas monitoring	1,500,000		
Materials management	1,500,000		
<u>House</u> intends to use 11.0 FTEs and \$25.0 million GF/GP to partially offset the loss of Clean Michigan Initiative funding. This new program would include the following:			
Remediation and redevelopment (including vapor intrusion and PFAS)	\$25,000,000		
2. Oil, Gas, and Mineral Services GF/GP			
<u>Executive</u> continues \$4.0 million GF/GP for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding. This funding is included in the FY 2017-18 DEQ budget on a one-time basis and moved to ongoing for FY 2018-19.	FTE	59.0	0.0
<u>House</u> continues this appropriation on a one-time basis.	Gross	\$10,680,900	\$0
	Restricted	6,680,900	0
	GF/GP	\$4,000,000	\$0
3. Solid Waste Management Program			
<u>Executive</u> eliminates the solid waste management program by transferring 37.0 FTEs and \$5.1 million in restricted funding to the proposed Renewing Michigan's Environment Program.	FTE	37.0	0.0
<u>House</u> makes no change.	Gross	\$5,077,800	\$0
	Restricted	5,077,800	0
	GF/GP	\$0	\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
4. Lead Remediation Grants	Gross	NA	\$3,850,000
<u>House</u> appropriates \$3.9 million Gross (\$1.0 million GF/GP) for the DEQ to award grants for the remediation and redevelopment of sites contaminated by lead paint. Restricted funding is provided by the Cleanup and Redevelopment Fund.	Restricted	NA	2,850,000
	GF/GP	NA	\$1,000,000
5. Communications and Community Outreach (Lead Remediation Grants)	Gross	NA	(\$1,000,000)
<u>House</u> reduces the new Office of External Relations included in the FY 2018-19 Executive budget by \$1.0 million GF/GP to create lead remediation grants.	GF/GP	NA	(\$1,000,000)
6. Emergency Cleanup Actions (Lead Remediation Grants)	Gross	\$3,000,000	(\$2,000,000)
<u>House</u> reduces the Emergency Cleanup Actions program by \$2.0 million from the Cleanup and Redevelopment Fund to create lead remediation grants. This program administers contingency account to abate acute risk sites and provides funding to confirm whether an emergency exists at a site.	Restricted	3,000,000	(2,000,000)
	GF/GP	\$0	\$0
7. Federal Cleanup Project Management (Lead Remediation Grants)	FTE	40.0	(5.0)
<u>House</u> reduces the Federal Cleanup Project Management program by 5.0 FTEs and \$850,000 from the Cleanup & Redevelopment Fund to create lead remediation grants. This program provides funding for staff support for federal superfund and other sites in Michigan that qualify for federal dollars; funds implementation of program policy and procedures, the investigation and identification of properties, the oversight and audit of projects, and the coordination of enforcement actions against noncompliant owners and operators.	Gross	\$6,986,500	(\$850,000)
	Federal	3,320,900	0
	Restricted	3,665,600	(850,000)
	GF/GP	\$0	\$0
8. Recycling Initiative	Gross	\$1,011,800	\$1,000,000
<u>House</u> increases the Recycling Initiative by \$1.0 million from the Cleanup & Redevelopment Fund to expand the program. This program builds partnerships with stakeholders to increase the number of counties with access to recycling; promotes regional collaboration; provides education and technical assistance; and develops a measurement system to quantify recycling participation.	Restricted	0	1,000,000
	GF/GP	\$1,011,800	\$0
9. Contaminated Site Investigations, Cleanup, and Revitalization (Recycling Initiative)	FTE	132.0	(10.0)
<u>House</u> reduces the Contaminated Site Investigations, Cleanup, and Revitalization program by 10.0 FTEs and \$1.0 million from the Cleanup & Redevelopment Fund to increase funding for the Recycling Initiative. This program provides funding for staff support for response activities to eliminate danger to public health, safety, welfare, or environment from environmental contamination sites.	Gross	\$16,397,800	(\$1,000,000)
	Private	191,100	0
	Restricted	13,594,700	(1,000,000)
	GF/GP	\$2,612,000	\$0
10. Removal of FY 2017-18 Supplemental Funding	FTE	7.0	(7.0)
<u>Executive</u> removes 7.0 FTEs and \$40.5 million Gross (\$15.8 million GF/GP) for FY 2017-18 supplemental appropriations included in Public Acts 158 and 201 of 2017. The vapor intrusion, PFAS, and remediation and redevelopment programs are continued in FY 2018-19 through the proposed Renewing Michigan's Environment Program. <u>House</u> concurs.	Gross	\$40,537,500	(\$40,537,500)
	Restricted	24,700,000	(24,700,000)
	GF/GP	\$15,837,500	(\$15,837,500)
11. Removal of FY 2017-18 One-Time Funding	Gross	\$17,100,000	(\$17,100,000)
<u>Executive</u> removes \$17.1 million in restricted funding for one-time projects included in the previous fiscal year's budget:	Restricted	17,100,000	(17,100,000)
	GF/GP	\$0	\$0
Refined petroleum product cleanup program		\$14,900,000	
Drinking water declaration of emergency		2,200,000	

House concurs.

<u>Major Budget Changes From FY 2017-18 YTD Appropriations</u>	<u>FY 2017-18 Year-to-Date (as of 2/7/18)</u>	<u>FY 2018-19 House Change</u>
12. Technical Adjustments		
<u>Executive</u> decreases DEQ budget by 20.0 FTEs and \$76.3 million Gross (\$913,400 GF/GP) to align authorization with available funds and comply with organizational changes. Adjustments include transferring the Office of the Great Lakes from the DEQ to the DNR (Executive Order 2017-9), establishing a new Office of External Relations, and eliminating authorization for Strategic Water Quality Initiative grants and loans program which was funded through FY 2017-18.	FTE	NA (20.0)
	Gross	NA (\$76,260,400)
	Federal	NA (10,439,200)
	Private	NA 506,600
	Restricted	NA (65,414,400)
	GF/GP	NA (\$913,400)
<u>House</u> concurs.		
13. Economic Adjustments		
Reflects increased costs of \$3.1 million Gross (\$615,900 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Gross	NA \$3,095,300
	IDG	NA 43,200
	Federal	NA 622,000
	Private	NA (200)
	Restricted	NA 1,814,400
	GF/GP	NA \$615,900
<u>House</u> concurs.		

Major Boilerplate Changes From FY 2017-18

Sec. 220. Disciplinary Action Against State Employees – RETAINED

Prohibits DEQ from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes, House retains.

Sec. 221. Rule Promulgation – RETAINED

Prohibits DEQ from adopting a rule that has a disproportionate economic impact on small business. Executive deletes, House retains.

Sec. 302. Work Projects - Environmental Cleanup Actions – REVISED

Allows unexpended funds appropriated for the emergency cleanup actions program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$3.0 million with a tentative completion date of September 30, 2023. Revised to split environmental cleanup actions (Sec. 302), the environmental cleanup and redevelopment program (Sec. 307), and the refined petroleum product cleanup program (Sec. 308) into separate boilerplate sections.

Executive revises, House concurs but specifies that work projects must be completed by contract.

Sec. 305. Refined Petroleum Fund – RETAINED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07. Executive deletes, House retains.

Sec. 306. Refined Petroleum Fund Cleanup Site List – REVISED

Requires list of cleanup sites addressed by the Refined Petroleum Product Cleanup Program for the new fiscal year and closed sites from the preceding fiscal year by January 1. Date revised from November 1 to January 1.

Executive revises, House concurs.

Sec. 307. Work Projects - Environmental Cleanup and Redevelopment Program – NEW

Allows unexpended funds appropriated for the environmental cleanup and redevelopment program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$15.0 million with a tentative completion date of September 30, 2023.

Executive adds new section, House concurs but specifies that work projects must be completed by contract.

Sec. 308. Work Projects – Refined Petroleum Product Cleanup Program – NEW

Allows unexpended funds appropriated for the refined petroleum product cleanup program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$34.7 million with a tentative completion date of September 30, 2023.

Executive adds new section, House concurs but specifies that work projects must be completed by contract.

Sec. 314. Refined Petroleum Fund Reimbursements to Owners/Operators of Legacy Releases – RETAINED

Requires DEQ to expend not more than \$36.0 million of funds appropriated in 2017 PA 107 for the refined petroleum product cleanup program to reimburse owners and operators of underground storage tanks who have taken remediation actions to cleanup releases that predate the establishment of the Underground Storage Tank Cleanup Authority in 2014.

Executive deletes, House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 315. Lead Remediation Grants – NEW

Requires DEQ to distribute grant awards for the remediation and redevelopment of sites contaminated by lead paint; prioritizing sites affecting families with children.

House adds new section.

Sec. 316. Renewing Michigan's Environment Program – NEW

Requires DEQ to expend funds appropriated for the Renewing Michigan's Environment Program for the remediation and redevelopment of nonpetroleum contaminated sites.

House adds new section.

Sec. 317. Database of Contaminated Groundwater – NEW

Requires DEQ to use Remediation and Redevelopment Division appropriations to maintain a statewide GIS map database of contaminated groundwater in Michigan.

House adds new section.

Sec. 407. Contaminated Lake and River Sediment Cleanup Program – DELETED

Allows unexpended funds appropriated for the contaminated lake and river sediment cleanup program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated lake and river sediment cleanups estimated to cost \$2.3 million with a tentative completion date of September 30, 2022.

Executive deletes, House concurs.

Sec. 410. Lake Erie Report – DELETED

Requires DEQ to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement. Report shall include estimated cost of removal of total phosphorus per pound at the four major wastewater treatment plants; a description of the grants that have been awarded; a description of the work that has commenced on the issue of dissolved reactive phosphorus, the expected objectives and outcomes of that work, and a list of the parties involved in that effort; and a description of the efforts and outcomes aimed at the total phosphorus reduction for the River Raisin watershed.

Executive retains, House deletes.

Sec. 411. Kalamazoo River Superfund Site Study – DELETED

Sets aside \$150,000 of FY 2017-18 CMI contaminated sediments funding for an engineering study pertaining to the Kalamazoo River Superfund site and allows the study to be conducted by a private engineering firm.

Executive deletes, House concurs.

Sec. 412. Work Projects – Aquifer Protection Program – NEW

Allows unexpended funds appropriated for the aquifer protection program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will help resolve aquifer disputes between well owners and is estimated to cost \$524,000 with a tentative completion date of September 30, 2023.

Executive adds new section, House concurs but specifies that work projects must be completed by contract.

Sec. 603. Stormwater, Asset Management, and Wastewater (SAW) Grants Report – RETAINED

Requires report to be posted on DEQ website which contains a summary document of each completed asset management plan for each awarded SAW grant; requires that local governments retain copies of their plan for 15 years.

Executive deletes, House retains.

Sec. 701. Underground Storage Tank Authority – REVISED

Allows unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$20 million with a tentative completion date of September 30, 2023.

Executive retains, House concurs but specifies that work projects must be completed by contract.

**FY 2018-19: TOTAL GENERAL GOVERNMENT
Summary: As Reported by House Subcommittee (HB 5567)
Article VIII, House Bill 5578 (H-1) Draft 1**



**Analysts: Ben Gielczyk
Michael Crossen**

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	<i>Difference: House From FY 2017-18 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$782,493,800	\$821,066,200	\$821,066,200			\$38,572,400	4.9
Federal	807,906,500	808,698,700	808,698,700			792,200	0.1
Local	17,332,700	15,977,300	15,977,300			(1,355,400)	(7.8)
Private	6,244,900	6,247,400	6,247,400			2,500	0.0
Restricted	2,185,898,800	2,210,623,600	2,230,143,600			44,244,800	2.0
GF/GP	1,250,729,600	1,110,473,500	1,046,549,700			(204,179,900)	(16.3)
Gross	\$5,050,606,300	\$4,973,086,700	\$4,928,682,900			(\$121,923,400)	(2.4)
FTEs	8,591.7	8,781.7	8,770.7			179.0	2.1

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as “one-time.”

Overview

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

Major Boilerplate Changes From FY 2017-18

Sec. 210. Budget Stabilization Fund Pay-In – REVISED

The FY 2017-18 pay-in was \$150.0 million, which was appropriated in appropriations act 2017 PA 107. For FY 2018-19, the Executive recommends including a pay-in of \$0.0, however, 25% of the GF/GP appropriation lapses for FY 2017-18 would be required to be deposited in the Budget Stabilization Fund. House recommends no pay-in.

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

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

Sec. 217. Fund Sourcing Priorities – RETAINED

Requires federal or private grant funding to be used prior to General Fund appropriations when available for the same expenditure. Executive deletes. House retains.

Sec. 218. Disciplinary Action Against State Employees – RETAINED

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff. Executive deletes. House retains.

Sec. 221. Reporting Requirement on Policy Changes – RETAINED

Requires departments to report on policy changes made in order to implement enacted legislation. Executive deletes. House retains.

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

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

Sec. 235. Federal Funding Contingency Plan – RETAINED

Requires the State Budget Director, in consultation with the appropriate department, to recommend a contingency plan for the federal funding reduction. Requires report by April 1. Executive deletes. House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 240. New Program Metrics – REVISED

Requires the State Budget Office provide a list of new programs and program enhancements that exceed \$500,000. Also requires identified programs to use program-specific measuring metrics in addition to the metrics required under Section 447 of the Management and Budget Act. The State Budget Office shall provide a report on the metrics and performance progress of identified programs by September 30. Express intent that future program funding increases be based on prior performance. Executive revises the due date of the required report and does not include the stated intent of the Legislature that the Governor consider performances of new programs as the basis for any increase in funds appropriated from the prior year. House concurs.

FY 2018-19: DEPARTMENT OF ATTORNEY GENERAL
Summary: As Reported by House Subcommittee (HB 5567)
Article VIII, House Bill 5578 (H-1) Draft 1



Analyst: Michael Crossen

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	<i>Difference: House From FY 2017-18 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$29,915,300	\$30,386,400	\$30,386,400			\$471,100	1.6
Federal	9,518,000	9,628,500	9,628,500			110,500	1.2
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	22,116,900	21,907,200	21,727,200			(389,700)	(1.8)
GF/GP	40,248,600	40,106,800	40,106,800			(141,800)	(0.4)
Gross	\$101,798,800	\$102,028,900	\$101,848,900			\$50,100	0.0
FTEs	536.0	536.0	536.0			0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Medical Marihuana Enforcement

Executive includes an additional \$126,700 state restricted to accommodate full year costs for legal support of medical marihuana regulatory oversight as described in Public Acts 281 – 283 of 2016 for a total FY 2018-19 appropriation of \$501,700 state restricted. Legal support services include investigating and prosecuting violations of the acts and rules governing the licensing of medical marihuana facilities. House concurs.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
FTE	4.0	0.0
Gross	\$375,000	\$126,700
Restricted	375,000	126,700
GF/GP	\$0	\$0

2. Flint Special Counsel Investigation

Executive maintains \$2.6 million from the Lawsuit Settlement Proceeds Fund to support the ongoing investigation of activities associated with the Flint Declaration of Emergency due to drinking water and the resulting prosecutions led by an independent special counsel. House concurs.

Gross	\$2,600,000	\$0
Restricted	2,600,000	0
GF/GP	\$0	\$0

3. PACC Juvenile Life Without Parole Cases

Executive removes \$700,000 GF/GP one-time funding to local prosecutors for legal services related to the reconsideration of juvenile life without parole case sentences. House concurs.

Gross	\$700,000	(\$700,000)
GF/GP	\$700,000	(\$700,000)

4. PACC NextGen IT System

Executive removes \$600,000 in restricted, one-time funding from the Lawsuit Settlement Proceeds Fund used by the Prosecuting Attorneys Coordination Council to upgrade its legacy case management IT system. House concurs.

Gross	\$600,000	(\$600,000)
Restricted	600,000	(600,000)
GF/GP	\$0	\$0

5. Bad-Faith Patent Infringement Claims

Executive maintains \$180,000 restricted from Lawsuit Settlement Proceeds Fund to support costs associated with responsibilities prescribed to the department under 2016 PA 550 related to bad-faith patent infringement claims. House does not include.

Gross	\$180,000	(\$180,000)
Restricted	180,000	(180,000)
GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2017-18 YTD Appropriations</u>	<u>FY 2017-18 Year-to-Date (as of 2/7/18)</u>	<u>FY 2018-19 House Change</u>	
6. Economic Adjustments	Gross	NA	\$1,403,400
<u>Executive</u> includes increased costs of \$1.4 million Gross (\$558,200 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	IDG	NA	471,100
	Federal	NA	110,500
	Restricted	NA	263,600
	GF/GP	NA	\$558,200

Major Boilerplate Changes From FY 2017-18

Sec. 301a. Drug Investigation and Prosecution Unit – RETAINED

Requires the Attorney General to maintain a minimum of 24 drug investigations and to prosecute upon sufficient evidence. The purpose of this investment is to establish a drug investigation and prosecution unit. Executive deletes. House retains.

Sec. 314. Lawsuit Settlement Proceeds Fund – REVISED

Allows the department the use of lawsuit settlement proceeds for expenses related to the Flint Declaration of Emergency due to drinking water contamination up to a maximum of \$2.0 million and requires a quarterly expenditures report itemized by case, purpose, hourly rate of the retained attorney, and department involved. Authorizes \$600,000 to be used by the Prosecuting Attorneys Coordinating Council to upgrade its IT case management system. Authorizes \$180,000 to be used to support a single FTE costs associated with implementing the duties prescribed under PA 550 2016, The Bad-Faith Patent Infringement Claims Act. Executive increases the authorization legal expenses associated with the Flint Declaration of Emergency to \$2.6 million, removes the requirement to report the hourly rate of the retained attorney for the Flint water investigation, increase and deletes the authorization of one-time funding for the PACC IT case management system. House retains requirement to report the hourly rate of the retained attorney for the Flint water investigation and caps the hourly rate at \$250 unless the department fully complies with the section's reporting requirements; deletes the authorization for \$180,000 for the Bad-Faith Patent Infringement Claims Act; concurs with the removal of funds for the PACC IT case management system.

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

Specifies \$700,000 to be set aside for investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life without parole cases. This section was introduced in FY 2017-18 and corresponded with the one-time appropriation of \$700,000 GF/GP which was not included in FY 2018-19. Executive deletes. House retains and revises to limit the expenditure of funds authorized as work projects to be limited to \$700,000.

FY 2018-19: DEPARTMENT OF CIVIL RIGHTS
Summary: As Reported by House Subcommittee (HB 5567)
Article VIII, House Bill 5578 (H-1) Draft 1



Analyst: Michael Crossen

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	<i>Difference: House From FY 2017-18 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$296,600	\$299,100	\$299,100			\$2,500	0.8
Federal	2,775,800	2,802,700	2,802,700			26,900	1.0
Local	0	0	0			0	--
Private	18,700	18,700	18,700			0	0.0
Restricted	151,900	58,500	58,500			(93,400)	(61.5)
GF/GP	13,006,600	13,022,100	13,022,100			15,500	0.1
Gross	\$16,249,600	\$16,201,100	\$16,201,100			(\$48,500)	(0.3)
FTEs	116.0	116.0	116.0			0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Deaf, DeafBlind, and Hard of Hearing Transfer to LARA

Executive transfers \$93,400 state restricted from the Department of Civil Rights (DCR) to the Department of Licensing and Regulatory Affairs in accordance with Executive Order No. 2017-8 which transfers the responsibilities set forth in the Deaf Persons' Interpreters Act, PA 204 of 1982 and the spending authorization of certification fees from the Division on Deafness Fund. This transfer only includes the Division on Deaf, DeafBlind, and Hard of Hearing funding responsible for interpreter licensing. \$715,600 Gross (\$696,900 GF/GP) remains in DCR for duties prescribed under the Division on Deafness Act PA 72 of 1937. House concurs.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	\$93,400	(\$93,400)
Restricted	93,400	(93,400)
GF/GP	\$0	\$0

2. Deaf, DeafBlind, and Hard of Hearing Needs Assessment

Executive removes \$150,000 GF/GP of one-time funding used to survey the deaf, deafblind, and hard of hearing community throughout the state to determine its size, needs, and barriers to government service as well as to collect data for developing a long-term strategic plan. House concurs.

Gross	\$150,000	(\$150,000)
GF/GP	\$150,000	(150,000)

3. Economic Adjustments

Executive provides for increased costs of \$194,900 Gross (\$165,500 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. House concurs.

Gross	NA	\$194,900
IDG	NA	2,500
Federal	NA	26,900
GF/GP	NA	\$165,500

Major Boilerplate Changes From FY 2017-18

There are no major boilerplate changes in FY 2018-19.

FY 2018-19: EXECUTIVE OFFICE

Summary: As Reported by House Subcommittee (HB 5567)

Article VIII, House Bill 5578 (H-1) Draft 1



Analyst: Ben Gielczyk

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	<i>Difference: House From FY 2017-18 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	0	0	0			0	--
GF/GP	6,848,500	6,980,100	6,980,100			131,600	1.9
Gross	\$6,848,500	\$6,980,100	\$6,980,100			\$131,600	1.9
FTEs	89.2	89.2	89.2			0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
1. Operational Adjustments		
Reflects increased costs of \$131,600 GF/GP related to Executive Office staff and other operations. <u>Executive</u> and <u>House</u> concur.		
	FTE	89.2
	Gross	\$6,848,500
	GF/GP	\$6,848,500
		0.0
		\$131,600
		\$131,600

Major Boilerplate Changes From FY 2017-18

There are no major boilerplate changes in FY 2018-19.

FY 2018-19: LEGISLATURE

Summary: As Reported by House Subcommittee (HB 5567)

Article VIII, House Bill 5578 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	400,000	400,000	400,000			0	0.0
Restricted	4,277,700	4,394,300	4,394,300			116,600	2.7
GF/GP	150,597,100	152,487,500	152,487,500			1,890,400	1.3
Gross	\$155,274,800	\$157,281,800	\$157,281,800			\$2,007,000	1.3
FTEs	0.0	0.0	0.0			0.0	--

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Major Budget Changes From FY 2017-18 YTD Appropriations		
1. Legislature Operations	Gross	\$155,274,800
Reflects increased costs of \$4.3 million Gross (\$4.1 million GF/GP) related to Legislative staff and other operations. <u>Executive</u> and <u>House</u> concur on funding level. However, House shifts \$100 GF/GP from Legislative Council to accommodate placeholder for a Michigan Forensic Science Commission.	Private	400,000
	Restricted	4,277,700
	GF/GP	\$150,597,100
		\$4,257,000
2. Legislative Information Technology Systems Design Project	Gross	\$3,000,000
<u>Executive</u> includes a net reduction of \$2.3 million GF/GP in one-time appropriations related to operational and implementation costs associated with the Legislative IT System Design Project. Replaces \$3.0 million in FY 2017-18 one-time appropriations with \$750,000 GF/GP in FY 2018-19 one-time appropriations. <u>House</u> concurs.	GF/GP	\$3,000,000
		(\$2,250,000)

Major Boilerplate Changes From FY 2017-18

There are no major boilerplate changes in FY 2018-19.

FY 2018-19: LEGISLATIVE AUDITOR GENERAL
Summary: As Reported by House Subcommittee (HB 5567)
Article VIII, House Bill 5578 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House	
						From FY 2017-18 YTD Amount	%
IDG/IDT	\$5,709,200	\$5,823,400	\$5,823,400			\$114,200	2.0
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	1,969,400	2,008,800	2,008,800			39,400	2.0
GF/GP	16,607,600	17,105,800	17,105,800			498,200	3.0
Gross	\$24,286,200	\$24,938,000	\$24,938,000			\$651,800	2.7
FTEs	0.0	0.0	0.0			0.0	--

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Auditor General Operations

Reflects increased costs of \$651,800 Gross (\$498,200 GF/GP) related to Auditor General staff and other operations. Executive and House concur.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	\$24,286,200	\$651,800
IDG	5,709,200	114,200
Restricted	1,969,400	39,400
GF/GP	\$16,607,600	\$498,200

Major Boilerplate Changes From FY 2017-18

Sec. 625. Title IX Audits – NEW

Requires the Auditor General to conduct a biannual audit, beginning in FY 2018-19, on the Title IX operations of each public college or university that receives operations funding from the State of Michigan. House includes as new section.

FY 2018-19: DEPARTMENT OF STATE
Summary: As Reported by House Subcommittee (HB 5567)
Article VIII, House Bill 5578 (H-1) Draft 1



Analyst: Michael Crossen

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$20,000,000			\$0	0.0
Federal	1,460,000	1,460,000	1,460,000			0	0.0
Local	0	0	0			0	--
Private	50,100	50,100	50,100			0	0.0
Restricted	208,709,400	214,686,400	206,686,400			(2,023,000)	(1.0)
GF/GP	24,139,000	18,466,300	18,466,300			(5,672,700)	(23.5)
Gross	\$254,358,500	\$254,662,800	\$246,662,800			(\$7,695,700)	(3.0)
FTEs	1,592.0	1,592.0	1,592.0			0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2017-18 YTD Appropriations

		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
1. Driver License Vendor Contract Extension	Gross	\$0	\$925,000
<u>Executive</u> provides \$925,000 state restricted for a contract extension with the current vendor responsible for producing driver licenses and a server upgrade to provide greater data security. <u>House</u> concurs.	Restricted	0	925,000
	GF/GP	\$0	\$0
2. IT Cost Increase	Gross	\$37,452,100	\$800,000
<u>Executive</u> provides \$800,000 state restricted to accommodate rate increases for services provided by DTMB and for a contract for a disaster recovery solution for the Qualified Voter File registry. <u>House</u> concurs.	Restricted	35,860,700	800,000
	GF/GP	\$1,591,400	\$0
3. Commercial Driver License Testing Kiosks	Gross	NA	\$500,000
<u>Executive</u> provides \$500,000 state restricted to offset the anticipated loss of federal funding for kiosks in branch offices used for computerized Commercial Driver License testing. <u>House</u> concurs.	Restricted	NA	500,000
	GF/GP	NA	\$0
4. Fund Shift GF Reduction	Gross	\$1,148,300	\$0
<u>Executive</u> replaces \$1.1 million GF/GP with a corresponding amount of state restricted Transportation Administration Collection Fund (TACF) for a net change of \$0 Gross. <u>House</u> concurs.	Restricted	0	1,148,300
	GF/GP	\$1,148,300	(\$1,148,300)
5. Voting Machine One-Time Funding	Gross	\$5,000,000	(\$5,000,000)
<u>Executive</u> removes \$5.0 million GF/GP included as one-time funding in PA 158 of 2017 for new voting machines statewide. <u>House</u> concurs.	GF/GP	\$5,000,000	(\$5,000,000)
6. Credit and Debit Card Fee Assessment	Gross	\$8,000,000	(\$8,000,000)
<u>House</u> eliminates the Credit and Debit Assessment Services line item appropriating revenue from service assessments collected by the department for credit and debit card vendor fees. Associated boilerplate authorizes the department to use collected service assessments to use for expenses related to the service and restricts the department from charging assessments which exceed the costs billable to the department.	Restricted	8,000,000	(8,000,000)
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2017-18 YTD Appropriations</u>	<u>FY 2017-18 Year-to-Date (as of 2/7/18)</u>	<u>FY 2018-19 House Change</u>
7. Economic Adjustments	Gross	NA
<u>Executive</u> provides \$3.1 million Gross (\$475,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	Restricted	NA
	GF/GP	NA
		\$3,079,300
		2,603,700
		\$475,600

Major Boilerplate Changes From FY 2017-18

Sec. 716b. Business Application Modernization (BAM) Project Report – DELETED

Requires the department to report on funding expended for the BAM IT modernization project since its inception. Executive deletes. House concurs.

Sec. 718. Buena Vista Township Branch Office – RETAINED

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

Sec. 720. Post-Election Audits – NEW

Requires the department to develop a plan to enhance post-election audit procedures to ensure machine-tabulated vote accounts are counted and reported accurately. House adds.

**FY 2018-19: DEPARTMENT OF TECHNOLOGY,
MANAGEMENT, AND BUDGET**

**Summary: As Reported by House Subcommittee (HB 5567)
Article VIII, House Bill 5578 (H-1) Draft 1**



Analyst: Michael Cnossen

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Revised Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$713,959,000	\$751,777,000	\$751,777,000			\$37,818,000	5.3
Federal	4,985,300	5,033,700	5,033,700			48,400	1.0
Local	2,316,700	2,341,600	2,341,600			24,900	1.1
Private	127,700	129,400	129,400			1,700	1.3
Restricted	111,399,300	114,457,400	114,457,400			3,058,100	2.7
GF/GP	579,855,200	489,921,900	454,921,900			(124,933,300)	(21.5)
Gross	\$1,412,643,200	\$1,363,661,000	\$1,328,661,000			(\$83,982,200)	(5.9)
FTEs	2,943.0	3,122.0	3,111.0			168.0	5.7

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
1. State Building Authority (SBA) Rent Increase	Gross	\$246,570,600	\$7,342,500
<u>Executive</u> adds \$22.3 million GF/GP to cover anticipated debt service obligations associated with capital outlay projects authorized for construction. <u>House</u> adds \$7.3 million.	GF/GP	\$246,570,600	\$7,342,500
2. EPMO IT Management Services	FTE	NA	0.0
<u>Executive</u> provides \$2.0 million GF/GP and 11.0 FTEs to expand the Enterprise Portfolio Management Office (EPMO) IT project management services across the enterprise portfolio of IT projects to establish more standardized and efficient IT management processes and controls. <u>House</u> does not include.	Gross	NA	\$0
	GF/GP	NA	\$0
3. Regional Prosperity Grants Increase	FTE	0.0	0.0
<u>Executive</u> adds \$1.5 million GF/GP to increase grants to designated economic regions defined by the Regional Prosperity Initiative to encourage private, public, and non-profit partners to collaborate on developing economic visions and on efforts to achieve them. The additional grants would also permit funding for infrastructure asset management projects and bring the program's total annual grant funding to \$4.0 million GF/GP. <u>House</u> does not include.	Gross	\$2,500,000	\$0
	GF/GP	\$2,500,000	\$0
4. IT Personnel Retention Incentives	Gross	\$0	\$0
<u>Executive</u> provides \$1.5 million GF/GP to offer pay-per-performance incentives to retain talent among the state's IT personnel. <u>House</u> does not include.	GF/GP	\$0	\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
5. Procurement Improvement Plan Completion	FTE	0.0	6.0
<u>Executive</u> provides \$891,900 state restricted and 6.0 FTEs for ongoing support of improved procurement operations following the guidelines set forth in Executive Order No. 2015-1. Funding will cover the costs of permanent supplier relationship management, contract management, and an enterprise-wide professional development certification program for procurement professionals. <u>House</u> concurs.	Gross	\$0	\$891,900
	Restricted	0	891,900
	GF/GP	\$0	\$0
6. Financial Services Support	FTE	0.0	6.0
<u>Executive</u> provides \$559,400 Gross (\$12,900 GF/GP) and 6.0 FTEs to support an increased workload related to procurement of IT hardware and software and to reduce agency services billing errors. <u>House</u> concurs.	Gross	\$0	\$559,400
	IDG	0	317,900
	Restricted	0	228,600
	GF/GP	\$0	\$12,900
7. Michigan Cyber Civilian Corps	Gross	\$0	\$420,000
<u>Executive</u> provides \$420,000 one-time state restricted funding to support the expansion of members in the expert volunteer force as well as updated training. The Cyber Civilian Corps (MiC3) is established to provide emergency responses to cyber security threats upon the request of a municipal, educational, non-profit, or business organization. <u>House</u> concurs.	Restricted	0	420,000
	GF/GP	\$0	\$0
8. FY 2018-19 IT IDG Baseline Adjustment	Gross	\$520,487,100	\$31,023,400
<u>Executive</u> adjusts the DTMB Information Technology IDG authorization up \$31.0 million IDG to reflect projects and service adjustments in other agency budgets, administrative cost allocation changes, and IT budgetary requests made by agencies. <u>House</u> concurs.	IDG	520,487,100	31,023,400
	GF/GP	\$0	\$0
9. School Reform Office Transfer to MDE	FTE	11.0	(11.0)
<u>Executive</u> transfers \$3.4 million GF/GP and 11.0 FTEs to the Department of Education per Executive Order No. 2017-5 for the organizational transfer of the School Reform Office. <u>House</u> concurs.	Gross	\$3,115,100	(\$3,353,800)
	GF/GP	\$3,115,100	(\$3,353,800)
10. Information Technology Investment Fund (ITIF)	Gross	\$72,500,000	(\$43,690,000)
<u>Executive</u> reduces \$32.5 million GF/GP from the IT modernization project portfolio to reflect the decreased costs due to the completion of SIGMA. The remaining \$40.0 million GF/GP would be used to support ongoing modernization projects, six new projects, and additional projects not yet identified. <u>House</u> reduces \$43.7 million GF/GP.	GF/GP	\$72,500,000	(\$43,690,000)
11. Homeland Security Initiatives/Cyber Security	Gross	\$16,169,300	(\$2,000,000)
<u>Executive</u> reduces \$1.0 million GF/GP due to the extension of the timeframe for developments in the State enterprise data network. <u>House</u> reduces \$2.0 million GF/GP.	GF/GP	\$16,169,300	(\$2,000,000)
12. State Police Retirement Services	Gross	NA	(\$87,000)
<u>Executive</u> adjusts authorization to the State Police Employee Retirement System (SPERS) by reducing \$87,000 GF/GP for anticipated supplemental payments per 2015 PA 168. <u>House</u> concurs.	GF/GP	NA	(\$87,000)
13. Special Maintenance for State Facilities	Gross	\$2,000,000	\$1,800,000
<u>Executive</u> provides an additional \$1.8 million IDG to support increased statewide utility cost increases and other building service contractual costs such as janitorial, security guards, and elevator maintenance. Funds are also included to start the process of standardizing all Automated External Defibrillators (AED) in state owned buildings. <u>House</u> concurs.	IDG	2,000,000	1,800,000
	GF/GP	\$0	\$0
14. Professional Development Funds	Gross	\$250,000	(\$50,000)
<u>Executive</u> reduces \$50,000 IDG from employer contributions for professional development of non-union represented state employees (NERES). The reduction is related to collective bargaining agreements and was approved by the Civil Service Commission in December 2017. <u>House</u> concurs.	IDG	250,000	(50,000)
	GF/GP	\$0	\$0
15. SWCAP Adjustment	Gross	NA	\$0
<u>Executive</u> reallocates fund sourcing associated with Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and reduction of \$45,100 GF/GP. <u>House</u> concurs.	IDG	NA	(36,300)
	Restricted	NA	81,400
	GF/GP	NA	(\$45,100)

		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Major Budget Changes From FY 2017-18 YTD Appropriations			
16. Drinking Water Declaration of Emergency Reserve Fund	Gross	NA	\$100
<u>Executive</u> adds a \$100 Restricted placeholder to accommodate future transfers. <u>House</u> concurs.	Restricted	NA	100
	GF/GP	NA	\$0
17. Additional FTE Request	FTE	2,937.0	167.0
<u>Executive</u> adds 167.0 classified FTEs to align department FTE totals with appropriated funds and associated positions. <u>House</u> concurs.	Gross	NA	\$0
	GF/GP	NA	\$0
18. Removal of Current Year One-Time Funding	Gross	\$82,125,100	(\$82,125,100)
<u>Executive</u> removes \$82.1 million GF/GP of one-time funding from ten items. These items are \$2.0 million for citizen-centric government IT initiatives, \$25.0 million for the Drinking Water Declaration of Emergency Reserve Fund, \$3.7 million additional funding for Homeland Security Initiative/Cyber Security, \$35.0 million for the Michigan Infrastructure Fund, \$5.0 million for the Michigan Public Safety Communications System, \$2.1 million for MAIN closeout, \$6.2 million for the Michigan.gov CMS, \$300,000 for a procurement review pilot program, \$353,000 for the School Reform Office, \$2.4 million and 10.0 FTEs for SIGMA transition support, and \$100,000 for MDOT's MiTRIP system enhancement. NOTE: Additional \$7.5 million in one-time funding for the IT Investment Fund (ITIF) was accounted for above in item #10. <u>House</u> concurs.	GF/GP	\$82,125,100	(\$82,125,100)
19. Enterprisewide Special Maintenance for State Facilities	Gross	\$26,000,000	(\$2,604,000)
<u>House</u> reduces by \$2.6 million GF/GP for maintenance and upkeep at all state-owned properties.	GF/GP	\$26,000,000	(\$2,604,000)
20. Information Technology Services and Projects	Gross	\$26,429,100	(\$200,000)
<u>House</u> reduces by \$200,000 GF/GP for IT services and projects which support department activities.	IDG	932,900	0
	Restricted	15,827,000	0
	GF/GP	\$9,669,200	(\$200,000)
21. Office of Retirement Services Actuarial Analysis	Gross	NA	\$4,000
<u>House</u> includes \$4,000 GF/GP one-time funding to conduct an actuarial analysis to determine the potential costs incurred by the state employees retirement system as a result of implementing the provisions included in House Bill No. 5411 of the 99 th Legislature. The appropriation would not take effect unless the bill is enacted into law.	GF/GP	NA	\$4,000
22. Economic Adjustments	Gross	NA	\$8,086,400
<u>Executive</u> provides increased costs of \$3.1 million Gross (\$475,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	IDG	NA	4,763,000
	Federal	NA	48,400
	Local	NA	24,900
	Private	NA	1,700
	Restricted	NA	1,436,100
	GF/GP	NA	\$1,812,300

Major Boilerplate Changes From FY 2017-18

Sec. 810a. Vendor Review Pilot Program – DELETED

Requires a pilot project be established using a third-party vendor that will provide comprehensive information on all vendors with which the State conducts business. Executive deletes. House concurs.

Sec. 822. Report on Unclassified Salaries – RETAINED

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

Sec. 822d. Regional Prosperity Initiative – REVISED

Provides for the regional prosperity grant program, which offers economic and workforce development planning grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners. Executive revises incentive-based funding grant amounts and creates one-time grants for integrated infrastructure asset management initiatives under the guidance of the Michigan Infrastructure Council; dedicates 0.3 FTE at \$30,000 to manage grant evaluations. House retains current law amounts authorized for grants; concurs with the inclusion of infrastructure asset management; revises language for the provision of funding for a 0.3 FTE from "shall" to "may".

Major Boilerplate Changes From FY 2017-18

Sec. 822i. School Reform Office – DELETED

Requires public schools placed in the reform district to comply with all state and federal laws concerning special education; requires report on the number of students who have an individualized education program and the performance results after the change in school governance. Executive deletes. House concurs.

Sec. 822l. School Reform Office Hearings – DELETED

Requires the SRO to conduct one public hearing in the district that the SRO will intervene in; requires the office to give advance notice of the hearing and provide an academic improvement plan outline and projected time frame of involvement. Executive deletes. House concurs.

Sec. 822m. Vendor Performance Tracking – RETAINED

Requires DTMB to establish a vendor performance tracking system that collaborates with other departments to collect information to factor in to the determination of awarding future contracts in the procurement process. Executive deletes. House retains.

Sec. 822n. Request for Proposals Website – RETAINED

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

Sec. 822o. School Reform Office Coordination – DELETED

Requires the SRO to make an effort to coordinate with the Department of Education to streamline state services and resources, reduce duplication, and increase efficiency. Executive deletes. House concurs.

Sec. 828. IT Appropriations and Expenditures Report – RETAINED

Requires a report on the total appropriations and expenditures for IT related services and projects for all executive departments and agencies. Executive deletes. House retains.

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

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

Sec. 830. IT Contract Change Orders – DELETED

Requires a report on IT change orders and contract extensions for contracts greater than \$50,000 entered into by DTMB. Executive deletes. House concurs.

Sec. 830. Enterprisewide IT Project Reporting – NEW

Requires a quarterly report on active and closed IT projects throughout all executive branch departments with information on the schedule, budget, cost, project changes, and project success scores for each project; revises the method for reporting. House adds.

Sec. 832. Child Support Enforcement System – RETAINED

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

Sec. 836a. Cyber Security Investment Projects – REVISED

Explains the purpose of cyber security improvements to enhance network security, develop comprehensive security framework and additional goals; requires an annual report on the outcomes of the stated goals. Executive deletes. House retains and revises language to address ongoing activities.

Sec. 837. Citizen Centric Government IT Initiative – REVISED

Requires the development and use of metrics for activities related to MiLogin and other Citizen Centric initiatives; requires an annual report to describe the measures developed and the results of these measures. Executive deletes. House retains and revises language to address ongoing activities.

Sec. 840. EPMO Performance Measures – DOES NOT INCLUDE

Requires the development and use of metrics for activities related to funds appropriated to the Enterprise Portfolio Management Office. Executive adds. House does not include.

Sec. 880. Drinking Water Declaration of Emergency Reserve Fund – DELETED

Provides information on the Drinking Water Declaration of Emergency Reserve Fund; requires a legislative appropriation or transfer for spending use; authorizes the end of year balance to be carried forward. Executive deletes. House concurs.

FY 2018-19: DEPARTMENT OF TREASURY
Summary: As Reported by House Subcommittee (HB 5567)
Article VIII, House Bill 5578 (H-1) Draft 1



Analyst: Ben Gielczyk

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$12,613,700	\$12,780,300	\$12,780,300			\$166,600	1.3
Federal	27,022,600	27,128,000	27,128,000			105,400	0.4
Local	14,516,000	13,135,700	13,135,700			(1,380,300)	(9.5)
Private	27,500	27,500	27,500			0	0.0
Restricted	1,631,217,500	1,669,678,700	1,675,478,700			44,261,200	2.7
GF/GP	214,327,600	208,793,300	212,493,300			(1,834,300)	(0.9)
Gross	\$1,899,724,900	\$1,931,543,500	\$1,941,043,500			\$41,318,600	2.2
FTEs	1,862.5	1,870.5	1,870.5			8.0	0.4

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Major Budget Changes From FY 2017-18 YTD Appropriations			
1. Constitutional Revenue Sharing			
<u>Executive</u> increases Constitutional revenue sharing by \$34.3 million in restricted sales tax revenue relative to the FY 2017-18 budget act appropriated amount. When compared to updated January CREC estimates for FY 2017-18 it reflects a \$24.7 million (3.1%) increase. <u>House</u> concurs.	Gross	\$798,087,800	\$34,256,000
	Restricted	798,087,800	34,256,000
	GF/GP	\$0	\$0
2. City, Village, and Township Revenue Sharing			
<u>Executive</u> eliminates \$5.8 million in restricted sales tax revenue considered one-time appropriations for City, Village, and Township (CVT) Revenue Sharing. 101 CVTs (100 townships and 1 city) that were newly eligible in FY 2014-15 due to the inclusion of the \$5.8 million would no longer be eligible for a CVT Revenue Sharing payment in FY 2018-19. <u>House</u> retains current year funding level.	Gross	\$248,850,000	\$0
	Restricted	248,850,000	0
	GF/GP	\$0	\$0
3. Supplemental CVT Revenue Sharing			
<u>Executive</u> eliminates \$6.2 million GF/GP included in FY 2017-18 as one-time Supplemental CVT Revenue Sharing distributed to all units eligible to receive a CVT Revenue Sharing payment on a per capita basis. <u>House</u> reduces funding by \$3.1 million.	Gross	\$6,200,000	(\$3,100,000)
	GF/GP	\$6,200,000	(\$3,100,000)
4. County Revenue Sharing/County Incentive Program			
<u>Executive</u> includes a net reduction of \$1.9 million Gross (\$2.2 million GF/GP) for County Revenue Sharing. Adjustment includes increase of \$317,400 in restricted sales tax revenue to accommodate 3 additional counties that are expected to exhaust their revenue sharing reserve funds in FY 2018-19 and a decrease of \$2.2 million GF/GP to reduce County Revenue Sharing payments to an amount 1% above statutory full-funding from an amount 2% above full-funding included in FY 2017-18. County Revenue Sharing accounts for 80.2% of appropriation and County Incentive Program accounts for 19.8%. <u>House</u> concurs.	Gross	\$220,087,200	(\$1,861,700)
	Restricted	217,908,100	317,400
	GF/GP	\$2,179,100	(\$2,179,100)

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change	
5. Financially Distressed CVTs		Gross	\$5,000,000	(\$500,000)
<u>House</u> reduces by \$500,000 Gross (\$0 GF/GP) and shifts funds to support the Financial Data Analytic Tool Reimbursement program. See Item #6.	Restricted	5,000,000	(500,000)	
	GF/GP	\$0	\$0	
6. Financial Data Analytic Tool Reimbursement		Gross	NA	\$500,000
<u>House</u> includes \$500,000 sales tax revenue to support program. Funds were shifted from Financially Distressed CVTs line item. Program was funded with equal amount of GF/GP in FY 2017-18. See also Item #15.	Restricted	NA	500,000	
	GF/GP	NA	\$0	
7. Medical Marijuana Regulatory and Licensing Framework		FTE	4.0	0.0
<u>Executive</u> increases by \$7.2 million Gross (\$0 GF/GP) to account for full-year costs associated with administrative personnel and grants to municipalities, counties, and county sheriffs to offset the costs associated with medical marijuana regulatory activities. <u>House</u> concurs.	Gross	\$4,635,000	\$7,157,100	
	Restricted	4,635,000	7,157,100	
	GF/GP	\$0	\$0	
8. Information Technology System Enhancements		Gross	\$30,909,800	\$5,000,000
<u>Executive</u> includes \$5.5 million GF/GP to accommodate costs associated with increased staffing for DTMB IT personnel working on necessary IT service requirements (\$2.3 million), continued mainframe legacy upgrades associated with Unisys (\$400,000), and cloud hosting services (\$2.8 million) to enhance data security on mandated projects. <u>House</u> includes \$5.0 million GF/GP for these IT projects.	IDG	400,000	0	
	Federal	627,800	0	
	Local	1,217,500	0	
	Restricted	18,318,800	0	
	GF/GP	\$10,345,700	\$5,000,000	
9. MI Thrive Program Administration		FTE	0.0	1.0
<u>Executive</u> includes \$214,300 from the Brownfield Redevelopment Fund and 1.0 FTE for costs associated with administering the MI Thrive Brownfield Redevelopment Program. The position would calculate income tax generated from development and determine required payment to the developer. <u>House</u> concurs.	Gross	\$0	\$214,300	
	Restricted	0	214,300	
	GF/GP	\$0	\$0	
10. Local Pension and Health Benefit Oversight		FTE	0.0	2.0
<u>Executive</u> includes \$464,000 GF/GP for costs associated with reviewing the status, reports, and corrective action plans of local unit retirement health systems and retirement pension systems as required under the provisions of 2017 PA 202. <u>House</u> concurs.	Gross	\$0	\$464,000	
	GF/GP	\$0	\$464,000	
11. Bureau of State Lottery Staffing Increases		FTE	191.0	5.0
<u>Executive</u> includes \$637,200 State Lottery Fund and 5.0 FTEs to accommodate the administration of the continued expansion in lottery gaming. <u>House</u> concurs.	Gross	\$25,619,700	\$637,200	
	Restricted	25,619,700	637,200	
	GF/GP	\$0	\$0	
12. Restricted Fund Authorization Removal		Gross	\$158,700	(\$158,700)
<u>Executive</u> eliminates \$158,700 in Emergency 911 Fund authorization due to funding no longer being available. Fund source supported Tax and Economic Policy line item. <u>House</u> concurs.	Restricted	158,700	(158,700)	
	GF/GP	\$0	\$0	
13. General Fund Target Reduction		Gross	NA	(\$750,000)
<u>Executive</u> reduces multiple line items by a total of \$750,000 GF/GP to provide additional GF/GP savings. Reductions include Tax Compliance (\$350,000 GF/GP), Supervision of the General Property Tax Law (\$150,000 GF/GP), and Department Services (\$250,000 GF/GP). <u>House</u> concurs.	GF/GP	NA	(\$750,000)	
14. Accounting Services User Charges		FTE	24.0	0.0
<u>Executive</u> includes additional \$30,000 IDG authorization to authorize receipt of additional accounting user charges from Lottery and Casino Gaming. Current authorization level would not allow for collection of additional user charges. <u>House</u> concurs.	Gross	\$2,786,400	\$30,000	
	IDG	1,175,600	30,000	
	Restricted	1,335,800	0	
	GF/GP	\$275,000	\$0	

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
15. One-Time Appropriations and Grants	Gross	\$6,500,000	(\$5,500,000)
<u>Executive</u> removes \$6.5 million Gross (\$3.5 million GF/GP) in other FY 2017-18 one-time appropriations. Appropriations include Beat the Streets (\$100,000 GF/GP), Urban Search and Rescue (\$900,000 GF/GP), Financial Data Analytic Tool Reimbursement for local government financial health (\$500,000 GF/GP), City income tax administration costs associated with implementation of Detroit sales and flow through withholding collections (\$1.5 million in local funds), Information Technology implementation costs associated with SAP (\$2.0 million GF/GP), and the Michigan Infrastructure Council (\$1.5 million from Michigan Infrastructure Fund). <u>House</u> concurs but retains Urban Search and Rescue (\$900,000 GF/GP) and Beat the Streets (\$100,000 GF/GP).	Local	1,500,000	(1,500,000)
	Restricted	1,500,000	(1,500,000)
	GF/GP	\$3,500,000	(\$2,500,000)
16. Courageous Cadets	Gross	\$0	\$50,000
<u>House</u> includes \$50,000 GF/GP for new grant to Courageous Cadets program.	GF/GP	\$0	\$50,000
17. Sheriff Patrol Assistance for Financially Distressed Communities	Gross	NA	\$0
<u>House</u> shifts \$100 GF/GP from Supervision of General Property Tax Law to new line item to accommodate placeholder for the Sheriff Patrol Assistance for Financially Distressed Communities. Change nets to \$0 GF/GP.	GF/GP	NA	\$0
18. Economic Adjustments	Gross	NA	\$4,880,400
Reflects increased costs of \$4.9 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Executive</u> and <u>House</u> concur.	IDG	NA	136,600
	Federal	NA	105,400
	Local	NA	119,700
	Restricted	NA	3,337,900
	GF/GP	NA	\$1,180,800

Major Boilerplate Changes From FY 2017-18

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

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

Sec. 903. Tax Collection Contracts – REVISED

Authorizes Treasury to contract with private collection agencies and law firms to collect taxes, accounts due the state, defaulted student loans, and accounts due to Michigan guaranty agencies; provides funds for collection costs and fees; requires report of agencies used, amounts collected, cost of collection, and other information. Requires amounts appropriated for defaulted student loan collections from exceeding 24.34% of the collection or a lesser amount prescribed in the contract. Requires department to issue an RFP for a secondary placement collections program. Allows for a multiple contract approach for a bidder to bid on a part or the entirety of the contract for primary and secondary collections. Executive revises to eliminate requirement that department issue an RFP for a secondary placement collections program. House concurs.

Sec. 936. Financial Data Analytical Tool Guidance – RETAINED

Requires funds appropriated in part 1 to be for reimbursement to counties, cities, villages, and townships for the cost of a data analytical tool that provides financial data analysis and early warning analysis. Requires DTMB to provide between 2 and 4 approved vendors by October 15, 2017. Executive deletes section. House retains current law; updates dates.

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

Requires the Department of Treasury to study the feasibility of requiring homeowners to file principal residence exemption documents directly with the Department of Treasury. House includes as new section.

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

Authorizes the Department of Treasury to establish a closed-loop payment processing and digital patient identification delivery and authentication system under which the department creates accounts to be used only by registered participants. Executive deletes section. House retains current law.

Sec. 944. Pension Plan Consultant Report – RETAINED

Requires Treasury to retain a copy of any report received from a pension plan consultant and make available upon request. A notification that a report was received shall be made to the subcommittees on General Government, fiscal agencies, and State Budget Director. Included in the notification shall be a rationale for the retention of a pension plan consultant. Executive eliminates requirement that notification shall include a rationale for the retention of a pension plan consultant. House retains current law.

Major Boilerplate Changes From FY 2017-18

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

Allocates \$900,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2016-17 revenues and expenditures, proposed FY 2017-18 grant expenditures, and a final report on FY 2017-18 grant expenditures. Executive deletes section. House retains current law.

Sec. 949k. Transformational Brownfield Plan Payments – NEW

Appropriates an amount sufficient to recognize and pay an amount equal to the captured tax revenues due under approved Transformational Brownfield Plans, as provided by law. Executive includes as new section. House concurs.

TREASURY – REVENUE SHARING

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

Specifies distribution of \$248.8 million to all CVTs with a population of 7,500 or more by providing an eligible payment equal to 100% of the FY 2016-17 payment to all CVTs that were eligible for a payment in FY 2016-17. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Executive revises to distribute \$243.0 million to all CVTs that received a payment above \$4,500 in Sec. 950(2) of 2009 PA 128. CVTs would be eligible to receive a payment equal to 78.51044% of its payment received under Sec. 950(2) of 2009 PA 128 if transparency and accountability requirements are met. House retains current law due to retention of current funding levels.

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

Specifies distribution of \$6.2 million GF/GP appropriated in part 1 to support supplemental revenue sharing payments. Payments would be provided to CVTs on a per capita basis equal to \$0.81198 per person. House revises to distribute \$3.1 million GF/GP on a per capita basis equal to \$0.40599 per person.

TREASURY – BUREAU OF STATE LOTTERY

Sec. 964. Promotion and Advertising Appropriation – RETAINED

Appropriates 1% of the Bureau of State Lottery's prior fiscal year's gross sales or \$30.0 million, whichever is less, for promotion and advertising. Executive revises to authorize the Bureau of State Lottery to spend 1% of the prior fiscal year's gross sales for promotion and advertising. House retains current law.

TREASURY - CASINO GAMING

Sec. 978. Racing Commission Regulatory Changes – RETAINED

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

FY 2018-19: DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT



Summary: As Reported by House Subcommittee (HB 5567) Article VIII, House Bill 5578 (H-1) Draft 1

Analyst: Ben Gielczyk

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	762,144,800	762,645,800	762,645,800			501,000	0.1
Local	500,000	500,000	500,000			0	0.0
Private	5,620,900	5,621,700	5,621,700			800	0.0
Restricted	206,056,700	183,432,300	205,332,300			(724,400)	(0.4)
GF/GP	205,099,400	166,745,800	130,965,900			(74,133,500)	(36.1)
Gross	\$1,179,421,800	\$1,118,945,600	\$1,105,065,700			(\$74,356,100)	(6.3)
FTEs	1,453.0	1,456.0	1,456.0			3.0	0.2

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Talent and Economic Development (DTED) includes the Michigan Strategic Fund, Talent investment Agency, Workforce Development Agency, Unemployment Insurance Agency, Land Bank Fast Track Authority, and Michigan State Housing Development Authority. Collectively, DTED includes programs and resources designed to increase job creation, job preparedness, job training, economic development, and create and preserve safe and affordable housing in the State of Michigan.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Business Attraction and Community Revitalization

Executive reduces by \$5.1 million Gross (\$7.1 million GF/GP). The GF/GP reduction of \$7.1 million is partially offset by shifting \$2.0 million in 21st Century Jobs Trust Fund from Entrepreneurship Eco-System. House reduces by \$15.5 million Gross (\$20.0 million GF/GP). House reduction transfers \$2.0 million 21st Century Jobs Trust Fund from Entrepreneurship Eco-System to concur with Executive and transfers an additional \$2.5 million 21st Century Jobs Trust Fund from Pure Michigan to realize additional GF/GP savings. Section 1047 allocates \$500,000 of total to the Southern Michigan Center for Science and Industry for a new pilot program.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	\$115,500,000	(\$15,500,000)
Restricted	21,600,000	4,500,000
GF/GP	\$93,900,000	(\$20,000,000)

2. Entrepreneurship Eco-System

Executive includes a net reduction of \$500,000 Gross and an increase of \$1.5 million GF/GP. Adjustment includes a reduction of \$2.0 million 21st Century Jobs Trust Fund which is moved to Business Attraction and Community Revitalization to partially offset GF/GP reduction in that line item and a reduction of \$1.0 million GF/GP in ongoing appropriations. Includes \$2.5 million GF/GP in FY 2018-19 one-time funds to support business accelerators. House concurs.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	\$19,400,000	(\$500,000)
Restricted	18,400,000	(2,000,000)
GF/GP	\$1,000,000	\$1,500,000

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change	
3. Going Pro		Gross	\$41,908,300	(\$4,000,000)
<u>Executive</u> includes a net reduction of \$1.0 million Gross and an increase of \$24.0 million GF/GP. Adjustment includes the replacement of \$15.0 million in ongoing restricted Contingent Fund, Penalty and Interest Account funds with an equal amount of GF/GP. Replaces FY 2017-18 one-time appropriation of \$10.0 million Contingent Fund, Penalty and Interest Account with \$9.0 million GF/GP one-time appropriation in FY 2018-19. FY 2018-19 Executive Recommendation totals \$40.9 million Gross (\$25.0 million GF/GP). <u>House</u> reduces by \$4.6 million Contingent Fund, Penalty and Interest and increases by \$600,000 GF/GP for a net reduction of \$4.0 million Gross. \$3.0 million of the reduction is the result of moving the Jobs for Michigan Grads program to a separate standalone line item. See Item #5. Section 1070 was retained and allocates \$1.5 million of total to Graduation Alliance program.	Restricted	40,908,300	(4,600,000)	
	GF/GP	\$1,000,000	\$600,000	
4. Pure Michigan		Gross	\$35,000,000	(\$2,500,000)
<u>House</u> reduces by \$2.5 million and shifts that funding to Business Attraction and Community Revitalization to offset corresponding amount of GF/GP.	Restricted	35,000,000	(2,500,000)	
	GF/GP	\$0	\$0	
5. At-Risk Youth Grant Program (Jobs for Michigan Graduates)		Gross	NA	\$3,000,000
<u>Executive</u> removes \$3.0 million GF/GP funding supporting program (See Item #10). <u>House</u> shifts \$3.0 million in Contingent Fund, Penalty and Interest funds from Going Pro line item to standalone At-Risk Youth Grant Program line item to support Jobs for Michigan Grads. FY 2017-18 funding for program was supported with \$3.0 million GF/GP included in Going Pro line item (See Item #10).	Restricted	NA	3,000,000	
	GF/GP	NA	\$0	
6. Community Ventures		FTE	7.0	0.0
<u>Executive</u> reduces by \$3.3 million Gross (\$306,700 GF/GP). Funds are shifted to Community College Skilled Trades Training Program debt service line item to offset GF/GP funds in that line item. FY 2018-19 line item is funded at \$5.0 million Contingent Fund, Penalty and Interest Account. NOTE: \$1.5 million Contingent Fund, Penalty and Interest Account and 7.0 FTEs are shifted to Workforce Program Administration to consolidate Talent Investment Agency (TIA) employees into one appropriation line item. <u>House</u> reduces by \$4.8 million Gross (\$306,700 GF/GP).	Gross	\$9,806,700	(\$4,800,000)	
	Restricted	9,500,000	(4,493,300)	
	GF/GP	\$306,700	(\$306,700)	
7. Arts and Cultural Grant Program		Gross	\$11,150,000	\$0
<u>Executive</u> removes \$1.0 million GF/GP in one-time funds that augmented ongoing Arts and Cultural Grants. <u>House</u> retains funding.	Private	100,000	0	
	Federal	1,050,000	0	
	GF/GP	\$10,000,000	\$0	
8. Community College Skilled Trades Training Program Debt Service		Gross	\$4,600,000	\$0
<u>Executive</u> replaces \$4.6 million GF/GP with an equal amount of Contingent Fund, Penalty and Interest (\$3.0 million of total shifted from Community Ventures) for a net change of \$0 Gross. <u>House</u> concurs with Executive.	Restricted	0	4,600,000	
	GF/GP	\$4,600,000	(\$4,600,000)	
9. Land Bank Fast Track Fund Operations		FTE	6.0	3.0
<u>Executive</u> reduces by \$1.0 million GF/GP to reflect reduced costs associated with Land Bank Fast Track Authority operations. Includes 3.0 FTE positions to align totals with the number of funded positions. <u>House</u> concurs with Executive and reduces by an additional \$500,000 GF/GP.	Gross	\$5,259,100	(\$1,500,000)	
	Federal	1,000,000	0	
	Restricted	298,400	0	
	GF/GP	\$3,960,700	(\$1,500,000)	

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
10. Other One-Time Appropriations	Gross	\$50,097,000	(\$50,096,900)
<u>Executive</u> removes a total of \$48.1 million GF/GP in one-time appropriations. Appropriations include Michigan Enhancement Grants (\$35.9 million GF/GP), DTED – grants (\$2.7 million GF/GP), Protect and Grow (\$1.0 million GF/GP), Talent Marketing (\$5.0 million GF/GP), Dropout Support and Career Training Grants included in the Going Pro line item (\$1.5 million GF/GP), Jobs for Michigan Grads program included in the Going Pro line item (\$3.0 million GF/GP), and a Van Andel Institute grant included in the Entrepreneurship Eco-System line item (\$1.0 million GF/GP). Includes new \$100 restricted for Drinking Water Declaration of Emergency placeholder to accommodate future transfer needs. <u>House</u> concurs with <u>Executive</u> . GF/GP funding used to support Dropout Support and Career Training Grants in FY 2017-18 was removed but \$1.5 million of total Going Pro line item was earmarked in boilerplate Section 1070 for program (See Item #3). GF/GP used to support Jobs for Michigan Grads in FY 2017-18 was removed but \$3.0 million Contingent Fund, Penalty and Interest was used to support program (See Item #5 and Section 1071).	Restricted	0	100
	GF/GP	\$50,097,000	(\$50,097,000)
11. Technical Fund Source Adjustments to Align with Available Revenues	Gross	NA	(\$1,653,900)
<u>Executive</u> removes \$1.7 million Gross (\$0 GF/GP) in federal and state restricted appropriation authorization to align fund sources with actual revenues. <u>House</u> concurs.	Federal	NA	(1,622,100)
	Restricted	NA	(31,800)
	GF/GP	NA	\$0
12. Workforce Development Programs	Gross	\$3,499,400	\$501,000
<u>Executive</u> includes \$501,000 in Federal Department of Agriculture, Employment and Training funds to accommodate the receipt of a new federal award for the existing Food Assistance, Employment and Training workforce development program. <u>House</u> concurs.	Federal	3,499,400	501,000
	GF/GP	\$0	\$0
13. Economic Adjustments	Gross	NA	\$2,693,700
Reflects increased costs of \$2.7 million Gross (\$270,200 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Executive</u> and <u>House</u> concur.	Federal	NA	1,622,100
	Private	NA	800
	Restricted	NA	800,600
	GF/GP	NA	\$270,200

Major Boilerplate Changes From FY 2017-18

Sec. 1004. Statutory Reporting Requirements Update – NEW

Requires MSF to provide information included in MSF Act annual activities report to Legislature by March 15. House includes as new section.

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

Requires MSF to provide a report of prior year amendments to Michigan Business Development Program and Michigan Community Revitalization Program incentives by March 15. House includes as new section.

Sec. 1007. Program Reporting Requirements – DELETED

Requires report on grants, investments, and activities of each program administered by MSF or MEDC, including spending and FTEs; requires report on tourism promotion and business marketing expenditures and revenues by source. Additionally requires report to include the budget for the MSF and MEDC for the prior fiscal year including all corporate revenue by source, all expenditures by core focus, number of positions at the MEDC, the corporate fund balance remaining at the end of the fiscal year, the total amount of work project funding spent during the previous fiscal year, all work project funding that is being carried forward, and the difference between the enacted budget and final expenditures for the previous fiscal year. Requires performance metrics report on the Michigan Business Development Program and the Community Revitalization program. Executive deletes. House concurs with deletion but revises reporting requirements into 3 new sections (Sections 1004, 1006, and 1007).

Sec. 1007. Corporate Funding Reporting – NEW

Requires MEDC/MSF to provide an activities report on programs and activities administered by the MEDC board and supported with corporate or investment revenues by March 15. House includes as new section.

Sec. 1010. Jobs for Michigan Investment Fund Report – RETAINED

Requires report on revenues and expenditures, including year-end balance of the Jobs for Michigan Investment Fund. Executive deletes section. House retains current law.

Major Boilerplate Changes From FY 2017-18

Sec. 1011. Disposition of Unexpended Funds – REVISED

Requires unexpended and unencumbered funds at the end of the fiscal year to be disposed of in accordance with the Management and Budget Act unless carry forward authorization has otherwise been provided. Executive revises to include subsection that authorizes any carry forward authorization through a work project shall be preserved until a cash or accrued expenditure has been executed or the allowable work project time period has expired. House concurs with Executive revisions.

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

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

Sec. 1040. MAIN System Reporting – RETAINED

Requires MSF to use MAIN or a DTMB-administered successor program to report encumbrances and expenditures. Executive deletes section. House retains current law and updates to reflect SIGMA as new statewide financial accounting system.

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

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

Sec. 1047. Michigan Enhancement Grants – DELETED

Specifies individual grants included in the Michigan Enhancement Grant line item totaling \$35.9 million GF/GP: playground project in Commerce Township (\$100,000); Sanilac FFA "miracle of life" barn (\$35,000); St. Clair River seawall (\$500,000); St. Clair highway bridge (\$2,700,000); Oakland Hope (\$100,000); Michigan Works! retirement shortfall (\$800,000); Sault Sainte Marie Carbide Docks (\$1,000,000); Hillsdale Veteran Affairs Scholarship Program (\$12,000); Plymouth Township intersection upgrade (\$1,000,000); Albion Water Tower Upgrade (\$500,000); Holy Cross Services (\$1,500,000); Gianna House (\$100,000); Livonia Rotary Park accessible playground (\$300,000); Botsford Park upgrade to outdoor pool (\$70,000); Child Restraint Safety Program Awareness Campaign (\$300,000); Former Detroit House of Corrections demolition and cleanup (\$1,500,000); No Wrong Door Program – Wayne County (\$250,000); South Michigan Center for Science and Industry (\$800,000); Voss Park – baseball diamonds upgrades (\$300,000); Salem Township Urban Services District (\$10.0 million); Harvey Street woonerf project (\$1,000,000); Grand Rapids Civic Theatre (\$1,000,000); Lowell Showboat Replacement (\$1,000,000); Dixie Highway Federal Match (\$1,000,000); KVCC Healthy Living Campus (\$2,000,000); White Lake Township Road Infrastructure Improvement (\$750,000); Muskegon County/Coopersville Wastewater Treatment Improvement (\$2,500,000); Monroe County ISD Career Tech Equipment (\$40,000); Ida School District CAD equipment (\$70,000); Whites Bridge Rebuild – Ionia County (\$350,000); Village of Lexington Master Plan Study (\$120,000); Grand Rapids Dam Removal (\$1,500,000); Mackinaw Cutter Repainting (\$300,000); LSSU power grid improvements (\$300,000); Zeeland Interchange Upgrade (\$2,000,000); National Sportsman Caucus National Meeting – Traverse City (\$100,000). Executive and House delete section.

Sec. 1047. Southern Michigan Center for Science and Industry Grant Program – NEW

Requires \$500,000 of funds appropriated in part 1 to support a grant to the Southern Michigan Center for Science and Industry for an employment enhancement pilot program. Requires report. House includes as new section.

Sec. 1048. Van Andel Institute Grant – DELETED

Appropriates \$1.0 million of funding appropriated for Entrepreneurship Eco-System in part 1 to the Van Andel Institute. Executive and House delete section.

Sec. 1051. Talent Marketing Performance Measures – DELETED

Requires department to identify specific performance measures for the Talent Marketing appropriations; provides two performance measures. Executive and House delete section.

Sec. 1052. Project Rising Tide Performance Measures – RETAINED

Requires department to identify specific performance measures for the Project Rising appropriations; provides two performance measures. Executive deletes section. House retains current law.

Sec. 1053. Arts and Cultural Grants Performance Measures – RETAINED

Requires department to identify specific performance measures for the Arts and Cultural Grants appropriations; provides three performance measures. Executive deletes section. House retains current law.

Sec. 1054. Protect and Grow Performance Measures – DELETED

Requires department to identify specific performance measures for the Protect and Grow appropriations; provides two performance measures; includes reporting requirement. Executive and House delete section.

Sec. 1055. City Park Development Project – DELETED

Requires \$500,000 GF/GP appropriated in part 1 for DTED – grants to be awarded as a matching grant to a park development project at Riverbend Park in Rochester Hills. Executive and House delete section.

Major Boilerplate Changes From FY 2017-18

DTED – TALENT INVESTMENT AGENCY

Sec. 1064. Going Pro Expenditure Report – NEW

Requires the Talent Investment Agency to provide a report of Going Pro expenditures by program/grant type for the prior fiscal year and a projected expenditure report by program/grant type for the current fiscal year. House includes as new section.

Sec. 1065. Going Pro Program – REVISED

Requires TIA to publish data and reports on March 15 and September 30 on the Going Pro Program. Requires the Department of Talent and Economic Development to expand workforce training and re-employment services to better connect workers to in-demand jobs and identify specific outcomes with performance metrics for this initiative. Executive revises to remove reference to individuals enrolled in skilled trades training program and includes number of individuals enrolled in classroom training, on the job training, and new USDOL registered apprentices. Aligns metric measurements with those required for Going Pro in FY 2017-18 Section 1084. House concurs with Executive revisions.

Sec. 1067. Helmets to Hardhats Program Grant – DELETED

Requires \$200,000 GF/GP appropriated in part 1 for DTED - grants to be awarded to a national, nonprofit organization that connects National Guard, Reserve, retired, and transitioning active-duty military service members with skilled training and quality career opportunities in the construction industry. Funds must be used to recruit and assist military veterans transition into apprenticeship programs in the state of Michigan. Executive and House delete section.

Sec. 1069. Focus: Hope Grant – DELETED

Requires \$2.0 million GF/GP appropriated in part 1 for DTED - grants to be awarded to Focus: Hope for programming needs. Executive and House delete section.

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

Requires \$1.5 million of the funds appropriated for Going Pro to support a program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. Provides requirements to qualify as an eligible program provider. Provides detailed reimbursement rates for certain performance measures. Executive deletes section. House retains current law.

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

Requires \$3.0 million from the funds appropriated for Going Pro to be awarded to an existing dropout prevention and recover program for Michigan youth. Executive deletes section. House revises to allocate funds from new At-Risk Youth Grants line item.

Sec. 1080. Community Ventures Matching Funds – RETAINED

Stipulates that up to \$2.0 million funding in part 1 for the Community Ventures may be used for a matching program (\$1 for \$1) if private funds are raised. Executive deletes section. House retains current law.

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

Requires the Department to identify specific outcomes and performance metrics for the increased funds in part 1 associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used. Status report required by March 15. Executive deletes section. House retains current law.

Sec. 1082. Sustainable Employment Pilot Program – RETAINED

Requires a status update on the usage of the funds appropriated for the Sustainable Employment Pilot Program. Provides requested reporting metrics. Executive deletes section. House retains current law.

Sec. 1084. Going Pro Performance Measures – RETAINED

Requires department to identify specific performance measures for the Going Pro appropriations; provides three performance measures. Executive deletes section. House retains current law.

FY 2018-19: DEPARTMENT OF HEALTH AND HUMAN SERVICES



Summary: As Reported by House Subcommittee (HB 5565) Article X, House Bill 5578 (H-1) Draft 1

Analysts: Susan Frey, Kevin Koorstra, and Viola Wild

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$13,640,900	\$13,813,700	\$13,813,700			\$172,800	1.3
Federal	18,406,770,700	17,955,593,700	17,881,537,800			(525,232,900)	(2.9)
Local	116,545,300	123,112,900	123,112,900			6,567,600	5.6
Private	149,875,700	148,409,900	148,409,900			(1,465,800)	(1.0)
Restricted	2,441,939,800	2,456,898,500	2,461,848,200			19,908,400	0.8
GF/GP	4,380,531,400	4,542,525,600	4,508,901,900			128,370,500	2.9
Gross	\$25,509,303,800	\$25,240,354,300	\$25,137,624,400			(\$371,679,400)	(1.5)
FTEs	15,626.5	15,618.7	15,618.7			(7.8)	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Health and Human Services (DHHS) includes programs and services to assist Michigan's most vulnerable families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws, funding for behavioral health (mental health and substance use disorder), population health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Traditional Medicaid Cost Adjustments

Executive provides increase of \$89.6 million Gross (\$72.3 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments. Total includes \$37.1 million GF/GP to offset decline in federal match rate from 64.78% to 64.45% due to relative growth in state's personal income. Compared to FY 2016-17 expenditures, State Budget Office forecasts an average annual increase of 3.9%. House revises average annual increase down to 3.5%, which provides a reduction of \$8.8 million Gross (increase of \$37.3 million GF/GP).

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	\$13,352,197,800	(\$8,806,300)
Federal	8,659,726,100	(53,357,700)
Local	47,247,100	491,700
Private	2,100,000	0
Restricted	2,100,350,400	6,711,500
GF/GP	\$2,542,774,200	\$37,348,200

2. Healthy Michigan Plan Cost Adjustments

Executive provides reduction of \$132.1 million Gross (increase of \$24.1 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments. Total includes \$33.0 million GF/GP to offset decline in federal match rate from 94.25% to 93.25%. Compared to FY 2016-17 expenditures, State Budget Office forecasts an average annual increase of 6%. House concurs with the Executive.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	\$4,173,374,700	(\$132,081,300)
Federal	3,930,920,900	(165,099,900)
Local	651,100	328,600
Restricted	50,955,200	8,634,400
GF/GP	\$190,847,500	\$24,055,600

3. Actuarial Soundness Adjustments

Executive includes \$140.1 million Gross (\$39.0 million GF/GP) to support an estimated 2% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs) and an estimated 1.5% actuarial soundness adjustment for Medicaid health plans and Healthy Kids Dental. House concurs with the Executive.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	NA	\$140,080,000
Federal	NA	101,086,800
GF/GP	NA	\$38,993,200

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
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DEPARTMENTAL ADMINISTRATION

4. Economic Adjustments

Executive reflects increased costs of \$32.8 million Gross (\$16.7 million GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges for state-owned buildings, and other economic adjustments. House concurs with the Executive.

Gross	NA			\$32,774,900
IDG	NA			134,500
TANF	NA			5,222,100
Federal	NA			10,027,000
Local	NA			150,400
Private	NA			72,300
Restricted	NA			442,600
GF/GP	NA			\$16,726,000

5. Property Management

Executive includes increase of \$859,300 Gross (\$455,100 GF/GP), about 2%, for non-state-owned building lease costs for the Department; current year charges paid for state-owned buildings is \$19.8 million and \$44.5 million for non-state-owned buildings. \$767,300 of increased costs for state-owned buildings is included in "Economics Adjustments" item above. House concurs with the Executive.

Gross	\$64,339,500			\$859,300
IDG	593,500			0
TANF	10,314,200			183,400
Federal	24,648,600			220,800
Private	36,400			0
Restricted	166,500			0
GF/GP	\$28,580,300			\$455,100

6. Merger Savings

House assumes savings resulting from the 2015 merger creating the Department with a reduction to the departmental administration and management line item of \$2.0 million GF/GP.

Gross	\$109,342,700			(\$2,000,000)
IDG	676,200			0
TANF	9,018,200			0
Federal	54,821,900			0
Restricted	674,900			0
GF/GP	\$44,151,500			(\$2,000,000)

HUMAN SERVICES

7. Food Assistance Program Caseload Adjustments

Executive reduces the federally funded Food Assistance Program (FAP) by \$415.1 million Gross (\$0 GF/GP) for caseload adjustments. Reduction based on caseload estimates decreasing from 854,072 cases at \$229.11 per month to 683,950 at \$235.52 per month. House concurs with the Executive.

Gross	\$2,348,117,400			(\$415,110,400)
Federal	2,342,117,400			(415,110,400)
Restricted	6,000,000			0
GF/GP	\$0			\$0

8. Other Public Assistance Caseload Adjustments

Executive reduces funding for other public assistance programs by \$3.0 million Gross (\$6.9 million GF/GP) as follows:

- Family Independence Program (FIP) is reduced \$2.2 million Gross (\$6.1 million GF/GP) adjusting the monthly caseload estimate from 18,200 cases at \$349.50 per month to 17,938 cases at \$344.38 per month.
- State Disability Assistance (SDA) is reduced by \$620,200 GF/GP adjusting the monthly caseload estimate from 3,600 cases at \$216.67 per month to 3,363 cases at \$216.57 per month.
- State Supplementation is reduced by \$135,900 GF/GP adjusting the monthly caseload estimate from 268,268 cases at \$18.79 per month to 266,672 cases at \$18.86 per month.

House concurs with the Executive.

Gross	\$152,200,000			(\$2,957,000)
TANF	54,040,700			3,799,100
Restricted	15,411,700			102,900
GF/GP	\$82,747,600			(\$6,859,000)

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
9. Child Welfare Caseload Adjustments		Gross	\$622,467,300
<u>Executive</u> increases funding for child welfare programs by \$40.3 million Gross (\$30.2 million GF/GP) as follows:		Federal	6,742,500
<ul style="list-style-type: none"> Foster care payments are increased by \$36.5 million Gross (\$21.0 million GF/GP) from 5,800 cases at \$31,643 per year to 6,620 cases at \$33,244 per year. Adoption subsidies are reduced by \$5.7 million Gross (\$2.0 million GF/GP) from 23,406 cases at \$732.00 per month to 22,791 cases at \$731.00 per month. The Child Care Fund is increased by \$10.0 million GF/GP. Guardianship assistance payments are increased by \$1.2 million Gross (\$1.1 million GF/GP) from 1,200 cases at \$778.00 per month to 1,342 cases at \$768.61 per month. Family Support Subsidies are reduced by \$1.7 million Gross (\$0 GF/GP) from 6,360 cases at \$222.11 per month to 5,716 cases at the same monthly rate. 		TANF	121,900
		Local	4,483,500
		Private	(1,159,100)
		GF/GP	\$30,153,100
<u>House</u> concurs with the Executive.			
10. Foster Care Administrative Rate – Elimination of County Hold-Harmless Provision		Gross	NA
<u>Executive</u> reduces state funding by \$8.0 million GF/GP to recognize the savings to the state of rescinding the county hold-harmless provisions that require DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013 and 100% of the recent rate increases. Requires counties to pay 50% of all administrative rates for private foster care placing agencies paid for out of the Child Care Fund beginning in FY 2018-19. <u>House</u> concurs with the Executive.		GF/GP	NA
			(\$8,000,000)
			(\$8,000,000)
11. Foster Care Relative Caregiver Licensure Payments		Gross	\$3,500,000
<u>Executive</u> eliminates \$1.0 million GF/GP for increased payments to child placing agencies for the completed licensure of relative caregivers. Payments were increased in the FY 2017-18 budget. <u>House</u> concurs with the Executive to eliminate the recent increase to payments and includes an additional \$500,000 GF/GP reduction based on historic spending.		GF/GP	\$3,500,000
			(\$1,500,000)
			(\$1,500,000)
12. Family Independence Program (FIP) Inflationary Adjustment		Gross	\$82,350,800
<u>Executive</u> includes additional \$1.0 million federal TANF funding to provide a 1.2% inflationary adjustment in benefits. The funding would increase benefits by approximately \$2.00 per person per month. <u>House</u> includes a \$100 GF/GP placeholder for the increase and uses the \$1.0 million TANF funding recommended by the Executive to offset GF/GP.		TANF	54,040,700
		Restricted	11,259,000
		GF/GP	\$17,051,100
			1,017,600
			0
			(\$1,017,500)
			(\$1,017,500)
13. Heat and Eat Program Continuance		Gross	NA
<u>Executive</u> eliminates the \$2.5 million GF/GP portion of the Heat and Eat program. The number of eligible cases not already receiving the enhanced FAP benefits is less than estimated and federal funding is available to fund the program without GF/GP support. Program provides energy assistance payments of \$20.01 to certain FAP cases making them potentially eligible for additional FAP benefits. <u>House</u> concurs with the Executive.		Federal	NA
		GF/GP	NA
			(\$2,500,000)
			0
			(\$2,500,000)
			0
14. Donated Funds Positions Reduction		FTE	288.0
<u>Executive</u> eliminates 50.0 FTE authorizations from the Donated Funds Positions line item to better align FTE authorizations with the amount of currently-filled positions and the funding available to support those FTEs. Reduces funding by \$5.7 million Gross (\$0 GF/GP). <u>House</u> concurs with the Executive.		Gross	\$32,702,700
		IDG	266,200
		TANF	1,661,300
		Federal	15,391,200
		Private	9,600,500
		Local	5,783,500
		GF/GP	\$0
			(50.0)
			(\$5,675,900)
			0
			0
			(3,540,000)
			(379,000)
			(1,756,900)
			\$0
			\$0
15. Multicultural Integration Funding Increase – One-Time Funding		Gross	\$15,303,800
<u>Executive</u> includes \$1.4 million GF/GP one-time funding for various multicultural organizations that provide social services programs to specific populations. YTD amount is current ongoing amount. <u>House</u> concurs with the Executive.		TANF	421,000
		Federal	694,500
		GF/GP	\$14,188,300
			0
			0
			\$1,381,100

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
16. Crime Victim Advocates Funding Increase	Gross	NA	\$2,000,000
<u>House</u> includes \$2.0 million GF/GP to increase grant funding in the Crime Victim Rights Services Grants line item to fund, train, and support additional crime victim advocates in the criminal justice system.	GF/GP	NA	\$2,000,000
17. Runaway and Homeless Youth Services Contracts	Gross	NA	\$750,000
<u>House</u> includes \$750,000 GF/GP to increase funding to contracted providers that provide services and housing to runaway and homeless youth.	GF/GP	NA	\$750,000
18. Children's Trust Fund (CTF)	Gross	\$3,327,700	\$1,000,000
<u>Executive</u> includes \$800,000 restricted funding to enable the CTF Board to spend cash reserve balance for grants over the next 3 years. <u>House</u> concurs with the Executive and includes an additional \$200,000 GF/GP to increase funding for grants with the intent that half of the \$1.0 million increase be used to award grants for programs that help address substance use disorders. New related boilerplate in Sec. 508(3).	Federal	1,053,300	0
	Restricted	2,091,900	800,000
	GF/GP	\$182,500	\$200,000
19. Adult Protective Services Court Appointed Guardians and Conservators	Gross	\$350,000	\$210,000
<u>House</u> includes additional \$210,000 GF/GP to support an increase in the rate paid to adult protective services guardianship providers. The increase would raise the current monthly rate from \$60 to \$83. Combined with a similar revision in Medicaid and Behavioral Health, the total recommended increase is \$1.3 million Gross (\$2.2 million GF/GP).	Federal	224,000	0
	GF/GP	\$126,000	\$210,000
20. Housing First Placeholder	Gross	\$0	\$100
<u>House</u> includes \$100 GF/GP placeholder for the Housing First program to provide housing rental assistance and support services for individuals with mental illness or substance use dependency, as well as housing needs.	GF/GP	\$0	\$100
21. TANF Offset of GF/GP Funding	Gross	NA	\$0
<u>House</u> appropriates \$3.0 million TANF to the Family Independence Program line item to offset \$3.0 million GF/GP.	TANF	NA	3,000,000
	GF/GP	NA	(\$3,000,000)
22. Human Services Program Eliminations	Gross	\$780,100	(\$780,000)
<u>Executive</u> eliminates funding for several programs as follows: \$250,000 GF/GP for Adoptive Family Support Network, \$280,000 GF/GP for Muskegon Covenant Academy, \$250,000 GF/GP for Supplemental Security Income (SSI) Advocacy Legal Services, and \$100 GF/GP placeholder for MI Cornerstore Initiative. <u>House</u> concurs with the Executive, but leaves a \$100 GF/GP placeholder for the Adoptive Family Support Network.	GF/GP	\$780,100	(\$780,000)
23. Federal Revenues Fund Source Identification	Gross	NA	\$0
<u>Executive</u> rolls up the "Capped Federal Revenues" fund source, the "Temporary Aid to Needy Families (TANF)" fund source, and the "Total Other Federal Revenues" fund source into one general "Other Federal Revenues" fund source throughout the bill. <u>House</u> retains current-year federal funding format.	TANF	NA	0
	Federal	NA	0
	GF/GP	NA	\$0
BEHAVIORAL HEALTH			
24. Non-Medicaid Mental Health Services	Gross	\$120,050,400	\$5,527,800
<u>House</u> includes \$5.5 million GF/GP for non-Medicaid mental health services to ensure the revised FY 2018-19 funding distribution formula that utilizes population and poverty data also includes a hold harmless provision so that no local Community Mental Health Services Program's (CMHSP) allocation is reduced.	GF/GP	\$120,050,400	\$5,527,800
25. CMHSP Court Appointed Guardians and Conservators	Gross	\$0	\$2,490,000
<u>House</u> adds \$2.5 million GF/GP to reimburse counties for 50% of the cost to provide up to \$83 per month to court-appointed guardians and conservators to individuals who receive CMHSP services. Combined with Medicaid and Field Operations, the total increase is \$1.3 million Gross (\$2.2 million GF/GP).	GF/GP	\$0	\$2,490,000

		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Major Budget Changes From FY 2017-18 YTD Appropriations			
26. State Psychiatrist Salary Increase	Gross	NA	\$1,394,800
<u>Executive</u> provides \$1.4 million Gross (\$1.3 million GF/GP) to support a civil service salary increase for psychiatrists at the state psychiatric hospitals. Increase supports a minimum increase, by pay level, of at least 11%. The vacancy rate of state psychiatrist positions is approximately 50%. <u>House</u> concurs with the Executive.	Federal	NA	136,200
	GF/GP	NA	\$1,258,600
27. St. Mary's Substance Use Disorder Pilot Project	Gross	\$0	\$500,000
<u>House</u> provides \$500,000 GF/GP to St. Mary's in Livonia for a 10-bed substance use disorder detoxification pilot project that utilizes specialized trauma therapists, peer support specialists, and medication assisted treatments.	GF/GP	\$0	\$500,000
28. Medicaid Autism Services	Gross	\$105,097,300	(\$39,968,300)
<u>House</u> reduces \$40.0 million Gross (\$13.9 million GF/GP) in Medicaid autism services by capping Medicaid autism reimbursement rates at 75% of the federal Department of Defense's TRICARE reimbursement rates.	Federal	69,687,600	(26,081,600)
	GF/GP	\$35,409,700	(\$13,886,700)
29. Mental Health and Wellness Commission Recommendations	Gross	\$18,895,000	(\$9,500,000)
<u>Executive</u> reduces \$7.5 million Gross (\$5.3 million GF/GP) for Mental Health and Wellness Commission Recommendations. Program would have \$11.4 million Gross (\$3.8 million GF/GP) in available ongoing funding for the psychiatric transitional unit and children's behavioral action team and other programming, in addition to available work project authorization. Reduction includes \$500,000 GF/GP transferred to Department of Education. <u>House</u> reduces \$9.5 million Gross (\$6.3 million GF/GP).	Federal	9,861,100	(3,241,500)
	GF/GP	\$9,033,900	(\$6,258,500)
30. Sec. 298. Behavioral Health Integration Implementation	FTEs	3.0	0.0
<u>House</u> reduces funding added in FY 2016-17 and FY 2017-18 for implementation costs of behavioral health integration pilot projects and demonstration model. Funding was added to support a project facilitator, project evaluations, actuarial rate setting, contractual services, and staffing.	Gross	\$3,088,200	(\$1,544,100)
	Federal	2,088,200	(1,044,100)
	GF/GP	\$1,000,000	(\$500,000)
31. Behavioral Health Program Eliminations	Gross	\$1,005,000	(\$1,005,000)
<u>Executive</u> eliminates behavioral health program funding for genomic opioid research in Kalamazoo (\$700,000 GF/GP) and pediatric and adult opioid abuse pilot project through Kids Kicking Cancer (\$305,000 GF/GP). <u>House</u> concurs with the Executive.	GF/GP	\$1,005,000	(\$1,005,000)
32. Autism Navigator – One-Time Funding	Gross	\$565,000	\$460,000
<u>Executive</u> increases one-time autism navigator funding \$460,000 GF/GP to assess statewide rollout of the Medicaid autism benefit and to help families with autistic children find services. <u>House</u> concurs with the Executive.	GF/GP	\$565,000	\$460,000
POPULATION HEALTH			
33. Flint Drinking Water and Lead Exposure Emergency	Gross	\$21,541,700	(\$19,861,600)
<u>Executive</u> reduces funding for assistance to residents exposed to lead in the City of Flint by \$16.9 million Gross (increase of \$2.9 million GF/GP) from year-to-date. One-time funding of \$4.6 million Gross (\$4.6 million GF/GP) is provided for food and nutrition services, health services at child and adolescent health centers and schools, lead abatement and investigation, lead poisoning prevention, and additional supports and services. YTD amount includes \$7.5 million transfer of November 2017. <u>House</u> concurs with the Executive on the reductions, but does not concur with \$2.9 million GF/GP increase, anticipating that available work project funding from prior fiscal years can be used as needed (\$22.8 million balance as of October 1, 2017).	TANF	3,500,000	(3,500,000)
	Restricted	16,361,700	(16,361,600)
	GF/GP	\$1,680,000	\$0

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
34. PFAS Contamination Response – Annualize, Expand Local Grants	FTEs 8.0	17.0
<u>Executive</u> increases funding by \$4.4 million GF/GP and 17.0 FTEs from YTD to address environmental contamination from perfluoroalkyl and polyfluoroalkyl substances (PFAS), first funded in FY 2017-18 supplemental Act 201, and to expand local grants to include other emerging issues:	Gross \$8,394,000	\$4,381,300
	GF/GP \$8,394,000	\$4,381,300
<ul style="list-style-type: none"> Laboratory capacity and services – increase by \$1.4 million and 11.0 FTEs (total \$5,525,300 and 11.0 FTEs) Environmental health toxicology and response – increase by \$750,000 and 4.0 FTEs (total \$2,500,000 and 12.0 FTEs) Local health department response grants – increase by \$2.0 million and expand to support local health response to other emerging public health issues and threats (infectious and vector-borne disease outbreaks, vapor intrusion, lead exposure, drinking water contamination, etc.) as needed; and provide additional \$250,000 and 2.0 FTEs for state staff (total \$4,750,000 and 2.0 FTEs) 		
<u>House</u> concurs with the Executive.		
35. Population Health Program Reductions and Eliminations	Gross \$4,950,000	(\$3,300,000)
<u>Executive</u> eliminates GF/GP funding for bone marrow registry (\$250,000), outstate dental clinics (\$1.6 million), and one-time funding for prenatal diagnosis clearinghouse website, primary care hospital grant, and primary care and dental health services (\$1.3 million); and reduces GF/GP funding for diabetes programming by \$200,000. <u>House</u> concurs with the Executive.	TANF 650,000	0
	GF/GP \$4,300,000	(\$3,300,000)
<u>Executive</u> eliminates early primary care pilot program (\$1.0 million), and reduces funding for alternative pregnancy and parenting program by \$550,000 Gross (increase of \$50,000 GF/GP). <u>House</u> does not concur with the Executive and retains current year funding for both programs.		
36. Primary Care Clinics	Gross \$5,268,700	\$0
<u>Executive</u> provides \$1.5 million GF/GP to continue support for primary care clinics and free health clinics at current year levels which are currently supported by federal bonus funding that is no longer available and will be fully expended as of FY 2017-18 year end. YTD amount shown is for Primary Care Services line item. <u>House</u> concurs with the Executive and also removes the federal authorization that is no longer available.	Federal 2,597,100	(1,504,500)
	Private 10,000	0
	GF/GP \$2,661,600	\$1,504,500
37. Population Health – Healthy Michigan Fund Adjustment	Gross \$4,178,500	\$0
For recent population health initiatives, <u>Executive</u> replaces \$4.2 million of Healthy Michigan Fund (HMF) with GF/GP; expanded programs for childhood lead, drinking water and toxicology were funded with HMF in FY 2017-18 only, using available HMF balance. Combined with a similar fund adjustment in Medicaid, the total HMF to GF/GP fund adjustment proposed is \$0 Gross (\$14.2 million GF/GP). <u>House</u> concurs with the Executive.	Restricted 4,178,500	(4,178,500)
	GF/GP \$0	\$4,178,500
38. Laboratory Opioid Testing	Gross \$22,312,100	\$1,000,000
<u>House</u> provides \$1.0 million GF/GP to enhance state laboratory and county medical examiner testing of opioids to enable accurate identification of prescription and non-prescription substances in cases of drug overdose or drug poisoning death. Sec. 1170 is related new boilerplate.	IDG 991,000	0
	Federal 3,840,100	0
	Restricted 10,633,400	0
	GF/GP \$6,847,600	\$1,000,000
39. Veteran’s Health Pilot	Gross \$0	\$100
<u>House</u> includes \$100 placeholder for a veteran’s health pilot program.	GF/GP \$0	\$100
40. Lead Poisoning Elimination Board – One-Time Funding	Gross \$1,250,000	(\$625,000)
<u>Executive</u> continues one-time funding of \$1.25 million GF/GP to implement November 2016 recommendations of the Child Lead Poisoning Elimination Board. <u>House</u> reduces funding by half to \$625,000 GF/GP.	GF/GP \$1,250,000	(\$625,000)
41. Medical Resident Loan Repayment Program – One-Time Funding	Gross \$0	\$5,000,000
<u>House</u> provides one-time funding of \$5.0 million GF/GP for a 5-year work project program to provide medical education loan repayment for physicians in primary care and other general subspecialties that commit to practicing for 2 years in a medically underserved community following completion of residency. Sec. 1917 is related new boilerplate.	GF/GP \$0	\$5,000,000

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
AGING AND ADULT SERVICES		
42. Senior Volunteer Programs, and Dementia Care Program	Gross	\$4,465,300
<u>House</u> increases funding by a total of \$300,000, including \$100,000 GF/GP for each of the 3 senior volunteer programs: foster grandparents, senior companions, and retired and senior volunteers. Also includes a \$100 placeholder for an Alzheimer's disease and dementia in-home care program. Year-to-date funding shown is for senior volunteer programs.	GF/GP	\$300,100
		\$300,100
MEDICAL SERVICES		
43. Federal Medicaid Managed Care Final Rule Compliance	FTE	NA
<u>Executive</u> includes \$1.7 million Gross (\$830,100 GF/GP) for 15.0 FTEs within Medical Services Administration for compliance and implementation of recent changes to the federal Medicaid managed care rules. <u>House</u> concurs with the Executive.	Gross	NA
	Federal	830,100
	GF/GP	\$830,100
		\$1,660,200
44. Integrated Service Delivery	FTE	42.0
<u>Executive</u> provides \$13.8 million federal and 15.0 FTEs for Integrated Service Delivery information technology project costs. \$4.6 million GF/GP is allocated from the Information Technology Investment Fund within Department of Technology, Management, and Budget to draw down these federal funds. <u>House</u> includes Executive funding and FTEs and reduces \$1.8 million GF/GP.	Gross	42.0
	Federal	13,783,400
	GF/GP	(\$1,757,200)
		\$51,397,800
		\$12,026,200
45. Child Welfare Psychotropic Oversight	Gross	\$618,200
<u>Executive</u> moves \$618,200 Gross (\$559,100 GF/GP) for child welfare psychotropic medication oversight from the Children's Services unit to Medical Services Administration. <u>House</u> removes the funding as Medical Services Administration has performed this oversight in previous fiscal years without utilizing these funds.	Federal	59,100
	GF/GP	\$559,100
		(\$618,200)
		(\$559,100)
46. Long-Term Care Study Placeholder	Gross	\$0
<u>House</u> adds \$100 GF/GP for a feasibility study and actuarial model of public, private, and public-private hybrid options to help individuals access and afford long-term care services. Sec. 1509 is related boilerplate.	GF/GP	\$0
		\$100
		\$100
47. Special Hospital Payments	Gross	NA
<u>Executive</u> increases \$111.2 million Gross (reduces \$13.5 million GF/GP) in net special hospital payment adjustments based primarily on changes required to comply with recent changes to federal Medicaid managed care rules that phase out "pass through" payments. The Hospital Rate Adjustment (HRA) is increased by \$190.0 million Gross (which reduces \$21.2 million GF/GP) with distribution tied to direct claims. The Rural and Sole Community Hospital and Obstetrical Stabilization "pass through" payments could not be restructured and instead the \$14.7 million GF/GP is provided to the hospitals without federal Medicaid reimbursement; the loss of \$26.6 million in federal Medicaid reimbursement is partially offset with \$7.0 million in additional GF/GP. The Medicaid Access to Care Initiative (MACI) is also adjusted based on projected allocations. <u>House</u> provides \$8.0 million GF/GP instead of \$7.0 million GF/GP to help offset loss of federal Medicaid reimbursement and adds \$100 federal point of difference.	Federal	NA
	Restricted	NA
	GF/GP	NA
		75,892,400
		48,795,500
		(\$12,521,600)
		\$112,166,300
48. MiDocs	Gross	NA
<u>House</u> includes \$28.1 million Gross (\$5.0 million GF/GP) to increase primary care physician and other select specialty physician residency training programs in rural and urban underserved communities through MiDocs. Residents would also receive student loan repayment assistance for committing to practice in an underserved community post-residency. Sec. 1870 is related boilerplate.	Federal	NA
	Restricted	NA
	GF/GP	NA
		18,129,400
		5,000,000
		\$5,000,000

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
49. Program of All-Inclusive Care for the Elderly (PACE) Expansion	Gross	\$106,289,100	\$41,359,600
<u>Executive</u> adds \$41.4 million Gross (\$14.7 million GF/GP) to support approximately 950 additional enrollments within existing programs for an estimated statewide enrollment of 3,600. Increase is offset with assumed long-term care savings. Funding supports an annual per member per month increase of 2.0%. <u>House</u> includes \$100 point of difference.	Federal	68,854,100	26,656,300
	GF/GP	\$37,435,000	\$14,703,300
50. Neonatology Rate Increase	Gross	NA	\$2,841,100
<u>House</u> provides \$2.8 million Gross (\$1.0 million GF/GP) to increase Medicaid neonatal rates from 64% to 75% of Medicare reimbursement rates.	Federal	NA	1,831,100
	GF/GP	NA	\$1,010,000
51. Personal Care Services Rate Increase	Gross	\$9,491,200	\$1,156,100
<u>House</u> adds \$1.2 million Gross (\$411,000 GF/GP) to provide a \$32 per month increase for personal care services for individuals residing in a licensed adult foster care or licensed home for the aged. Rate increase would align rates with historic inflation-adjusted amounts.	Federal	6,148,400	745,100
	GF/GP	\$3,342,800	\$411,000
52. Medicaid Pharmacy Savings	Gross	\$366,015,600	(\$16,877,600)
<u>Executive</u> assumes \$14.1 million Gross (\$5.0 million GF/GP) in Medicaid specialty pharmaceutical savings based on changes in how the state utilizes its preferred drug list. <u>House</u> assumes \$16.9 million Gross (\$6.0 million GF/GP) in Medicaid pharmaceutical savings.	Federal	232,092,400	(10,877,600)
	GF/GP	\$133,923,200	(\$6,000,000)
53. Hospice Room and Board	Gross	\$3,318,000	\$0
<u>Executive</u> removes \$3.3 million GF/GP for hospice room and board payments that are not eligible for federal Medicaid reimbursement. <u>House</u> retains current year funding. Sec. 1856 is related boilerplate.	GF/GP	\$3,318,000	\$0
54. Healthy Michigan Plan Healthy Behavior Incentives	Gross	NA	(\$1,745,000)
<u>House</u> removes \$1.7 million Gross (\$117,800 GF/GP) to discontinue providing \$50 gift cards to Healthy Michigan Plan recipients, with incomes below 100% of federal poverty, who complete Health Risk Assessments.	Federal	NA	(1,627,200)
	GF/GP	NA	(\$117,800)
55. Adult Home Help Biometric Verification System	Gross	\$1,500,000	(\$1,499,900)
<u>House</u> removes \$1.5 million Gross (\$149,900 GF/GP) and leaves \$100 placeholder for DHHS to develop a mobile biometric verification system within the adult home help program. Funding was added in FY 2017-18.	Federal	1,350,000	(1,350,000)
	GF/GP	\$150,000	(\$149,900)
56. Sec. 1805 Graduate Medical Education (GME) Quality Data Withhold	Gross	NA	(\$666,100)
<u>House</u> removes \$666,100 Gross (\$236,800 GF/GP) based on 6 GME hospitals not providing required quality data. Sec. 1805 establishes a 25% withhold of a hospital's GME allocation if the quality data is not submitted.	Federal	NA	(429,300)
	GF/GP	NA	(\$236,800)
57. Medical Services Program Reductions and Eliminations	Gross	NA	(\$7,749,600)
<u>Executive</u> eliminates increased level of care determination funding (\$5.0 million Gross, \$2.5 million GF/GP), reduces Medicaid guardian and conservator rates to \$83 per month (\$1.4 million Gross, \$500,000 GF/GP), removes Healthy Michigan Plan medical literacy demonstration program (\$830,000 Gross, \$415,000 GF/GP), and removes dental registry funding (\$500,000 GF/GP). <u>House</u> concurs with the Executive.	Federal	NA	(3,834,600)
	GF/GP	NA	(\$3,915,000)
58. Federal Money Follows the Person Demonstration Grant	Gross	NA	\$0
<u>Executive</u> recognizes end of \$10.3 million federal Money Follows the Person demonstration grant used to increase use of home- and community-based services and to reduce institutionally-based services. Loss of grant funding is offset with state GF/GP and federal Medicaid matching funds. Over a 10 year period, Michigan received \$88.2 million. <u>House</u> concurs with the Executive.	Federal	NA	(2,459,600)
	GF/GP	NA	\$2,459,600

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
59. State Restricted Revenue Adjustments		
<u>Executive</u> revises restricted revenues based on projected available revenue for a net decrease of \$29.8 million, which is offset with a like amount of GF/GP. Revisions include:	Gross	NA
	Restricted	NA
	GF/GP	NA
<ul style="list-style-type: none"> • Reducing Health Insurance Claims Assessment (HICA) fund balance utilization \$60.0 million. • Increasing Medicaid Benefits Trust Fund \$38.3 million. • Reducing Healthy Michigan Fund \$10.0 million (Combined with a similar fund adjustment in Population Health, the total HMF to GF/GP fund adjustment is \$14.2 million). • Increasing Merit Award Trust Fund \$2.0 million. 		(29,824,400) \$29,824,400
<u>House</u> concurs with the Executive.		
60. Special Medicaid Reimbursements		
<u>Executive</u> reduces special Medicaid reimbursements by \$11.6 million Gross (\$0 GF/GP) for Specialty Network Access Fee (SNAF), physician adjustor payments, dental adjustor payments, Graduate Medical Education innovations pool, and university disproportionate share hospital (DSH) payments. GF/GP is not used as state matching funds for these special Medicaid reimbursements. <u>House</u> concurs with the Executive.	Gross	NA
	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		(\$11,623,700) (15,679,900) (150,600) 4,206,800 \$0
61. Medical Services Program Eliminations – One-Time Funding		
<u>Executive</u> eliminates one-time medical services funding for direct primary care pilot program (\$5.7 million Gross, \$2.0 million GF/GP) and University of Detroit Dental (\$1.0 million GF/GP). <u>House</u> eliminates direct primary care pilot program funding and retains University of Detroit Dental funding.	Gross	\$6,724,000
	Federal	3,708,000
	GF/GP	\$3,016,000
		(\$5,724,000) (3,708,000) (\$2,016,000)

Major Boilerplate Changes From FY 2017-18

GENERAL SECTIONS

Sec. 228. Interest Payable to DHHS on Late Payments – NEW

Allows DHHS to charge and collect 1% per month interest for late payments to the Department. Executive adds new section. House concurs but revises to apply to quality assurance assessment payments that resulted from an overpayment by DHHS to a provider.

Sec. 291. E-Verify – DELETED

Requires DHHS to use the E-Verify system to confirm that new employees and new employees of contractors and subcontractors paid from the appropriations in Part 1 are legally present in the United States. Executive and House delete.

Sec. 293. TANF Spending Cap and Exception – NOT INCLUDED

Sets cap of \$548.8 million for DHHS expenditures of federal TANF funds, and allows for additional spending of up to 3% more to offset GF/GP if notification is made to Legislature which includes an updated estimate of year end TANF balance. Executive adds new section. House does not concur.

Sec. 296. Employee Legal Costs Related to Flint Water System – NEW

States that from the funds appropriated in Part 1, DHHS shall be responsible for legal costs of private attorneys defending DHHS employees in any legal action or investigations related to the City of Flint municipal water system. (Similar boilerplate is current law in Department of Environmental Quality budget as Sec. 237). Executive adds new section. House concurs, with minor revisions.

Sec. 298. Behavioral Health Integration Pilot Projects – REVISED

Requires DHHS to pilot the integration of behavioral health and physical health services, including: contract with a project facilitator, establish a pilot in Kent County with a willing CMHSP, establish up to 3 additional pilots with CMHSPs and Medicaid health plans, reinvest savings into behavioral health services in the pilot area, legislative intent for pilots, and contract with a university to evaluate pilots and replicability. Allocates \$3.1 million for implementation, requires a spending plan, report by DHHS, report by managing entities of pilots, and includes target dates. Executive revises language to require DHHS to continue to pursue and implement the pilot projects and other requirements outlined during FY 2017-18. House concurs with the Executive, and retains legislative intent and target dates and adds clinical data sharing to list of performance metrics.

Major Boilerplate Changes From FY 2017-18

CHILDREN SERVICES – CHILD WELFARE

Sec. 522. Fostering Futures Scholarship Program – REVISED

Allocates \$750,000 to the Fostering Futures Scholarship Program for youth transitioning from foster care who are attending college. Executive retains current law. House revises language to include scholarships for foster care youth who are attending a career technical educational institution.

Sec. 532. Licensing and Contract Compliance Review – DELETED

Requires collaboration between DHHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes; requires report. Executive and House delete.

Sec. 537. Residential Bed Space Standards and Preferences – DELETED

Directs DHHS to collaborate with child caring institutions to develop a strategy to implement MCL 400.115o, which restricts out-of-state placements of youth and restricts placements of youth in state administered facilities over comparable private provider facilities; requires report. Executive and House delete.

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHHS and increases the rate by \$9.20, provided that the county match rate is eliminated for this increase; requires payments for independent living plus services at the statewide per diem. Executive and House revise language to set the general foster care rate, independent living rate, and trial unification services rate all at \$46.20 and strike language requiring a \$9.20 administrative rate increase to private foster care providers and that the county match rate be eliminated.

Sec. 589. Foster Care Administrative Rate County Hold-Harmless Policy – REVISED

Requires DHHS to pay 100% of the administrative rate for all new cases referred to foster care services providers; requires monthly report on number of cases supervised by private agencies and by DHHS. Executive and House delete language requiring DHHS to pay 100% of the administrative rates. House changes reporting requirement to a quarterly report.

PUBLIC ASSISTANCE

Sec. 619. Family Independence Program (FIP) and Food Assistance Benefit Exemption – REVISED

Exempts individuals convicted of a drug felony after August 22, 1996 from the federal prohibition on receiving FIP and food assistance benefits; requires benefits be paid to a third-party for these cases; prohibits individuals convicted of 2 or more separate drug felonies from receiving assistance, subject to federal approval of this additional condition. Executive and House revise language to state that the exemption would be given if the act, not the conviction itself, occurred after August 22, 1996; also requires that if the grantee is the individual convicted, then FIP benefits must be paid as restricted payments - using a protective payee, if possible, or vendor payments for shelter to the extent possible. If the convicted individual is not the grantee, then assistance shall go to the grantee.

Sec. 650. Food Assistance Program Able-Bodied Adults Without Dependents (ABAWD) Waiver – REVISED

Requires DHHS to apply the food assistance eligibility requirements as prescribed in 7 CFR 273.24(a)-(d) on a statewide basis beginning May 1, 2018. (*Executive signing letter stated section is considered unenforceable.*) Executive deletes. House revises language to require that ABAWD individuals must be subject to the federal time-limited food assistance and work requirement provisions regardless of county, redetermination date, or federal waiver status beginning on October 1, 2018.

CHILDREN SERVICES – JUVENILE JUSTICE

Sec. 708. County Spending Plan Required – REVISED

Specifies that in order for counties to receive allocations from the Child Care Fund, they must submit a service spending plan for DHHS approval by October 1 of each year; requires DHHS to notify counties of any plan revisions; requires report. Executive revises language to change submission date to August 15, deletes requirement that DHHS cannot request additional plan revisions outside of those in revision notification, and includes new language requiring counties to submit plan amendments by August 30 and payable estimates by September 15. House concurs with the Executive, but revises language to require counties to submit service spending plans by August 15.

Sec. 721. Residential Facility of Last Resort – DELETED

If demand exceeds capacity at state-operated facilities, requires DHHS to post a request for proposals to contract with not less than 1 private provider to be a residential facility of last resort instead of increasing available occupancy at state-operated facilities. Executive and House delete.

BEHAVIORAL HEALTH SERVICES

Sec. 912. Salvation Army Harbor Light Program – RETAINED

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care. Executive deletes. House retains current law.

Major Boilerplate Changes From FY 2017-18

Sec. 994. National Accreditation Review Criteria for Behavioral Health Services – DELETED

Requires DHHS to seek, if necessary, a federal waiver to allow a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements; requires a report that lists each CMHSP, PIHP, and subcontracting provider agency that is considered in compliance with state requirements; requires DHHS to continue to comply with state and federal law not initiate an action by negatively impacts beneficiary safety; defines “national accrediting entity.” Executive and House delete.

Sec. 1008. PIHP Administrative Costs, Mental Health Care, Service Rates, and Direct Care Reimbursement – REVISED

Requires the PIHP to work to reduce administrative costs, take an active role in managing mental health care, ensure that direct care rate variances are related to the level of need or other quantifiable measures, and whenever possible promote fair and adequate direct care reimbursement. Executive and House add Community Mental Health Services Programs (CMHSPs) to also meet these requirements.

Sec. 1009. Direct Care Wage Increase – REVISED

Allocates \$45.0 million to provide a \$0.50 per hour increase for direct care workers and requires DHHS contractually mandate these funds be fully passed through to agencies for paying direct care workers' wages and includes reporting requirements; establishes provisions for receiving funds; requires a report. Executive and House replace current language with requirement for PIHPs to report range of wages paid to direct care workers and for DHHS to report information to legislature.

Sec. 1061. Caro Regional Mental Health Center – RETAINED

Requires DHHS to only use the funds appropriated for the Caro Regional Mental Health Center to support a psychiatric hospital at its current location, includes legislative intent that the Caro Regional Mental Health Center remain open and operational at its current location and that any capital outlay funding be used for planning and construction at the current location instead of a new location. Executive deletes statement of legislative intent and adds language permitting funds be transferred, either through an administrative transfer or the legislative transfer process. House retains current law.

POPULATION HEALTH

Sec. 704. Sec. 1231. PFAS Contamination and Other Response by Local Health Departments – REVISED

Allocates up to \$2.5 million to local health departments experiencing potential PFAS contamination, which may be used for staffing, planning and response, materials, and other activities enabling local health department response. (Included in supplemental appropriations Act 201 of 2017). Executive deletes. House revises to allocate up to \$4.8 million to local health departments for PFAS contamination or other emerging public health threats.

Sec. 703. Sec. 1232. Reimbursement for PFAS Environmental Contamination Response – RETAINED

Expresses intent of the Legislature that the United States Department of Defense shall reimburse the state for costs associated with PFAS and environmental contamination response at military training sites and support facilities. (Included in supplemental appropriations Act 201 of 2017). Executive deletes. House retains current law.

Sec. 704. Sec. 1233. Expenditure of Funding for PFAS Environmental Contamination Response – RETAINED

Prohibits expenditure of GF/GP and state restricted funding sources for PFAS and environmental contamination response when federal or private funding is available for the same purpose. (Included in supplemental appropriations Act 201 of 2017). Executive deletes. House retains current law.

Sec. 1341. WIC Eligibility Guidance – NEW

House requires DHHS and county offices to utilize federal income eligibility and verifications guidelines in determining eligibility of individuals for the special supplemental nutrition program for women, infants, and children (WIC).

MEDICAL SERVICES

Sec. 1620. Pharmacy Dispensing Fee and Prescription Drug Co-payments – REVISED

Establishes the pharmacy dispensing fees according to federal rules and the state's long-term financial exposure; requires prescription co-payments for Medicaid recipients not enrolled in the Healthy Michigan Plan or with an income less than 100% of the federal poverty level of \$1 for generic drugs and \$3 for brand-name drugs; requires prescription co-payments for Healthy Michigan plan enrollees with an income of at least 100% of the federal poverty level of \$4 for generic drugs and \$8 for brand-name drugs. Executive revises to require maintaining the established pharmacy dispensing fees. House lists the specific pharmacy dispensing fees as established by DHHS.

Sec. 1806. Common Formulary for Medicaid Health Plans – REVISED

Requires DHHS to monitor progress in implementing the common formulary; requires DHHS to develop policies to operate the common formulary to ensure fair and full public participation; requires a report. Executive deletes requirement to monitor progress in implementing the common formulary and revises to maintain policies to ensure fair and full public participation. House requires Medicaid health plans to monitor and report on the implementation of the common formulary, for DHHS to report on any inconsistencies across the Medicaid health plans, and revises to maintain policies to ensure fair and full public participation.

Major Boilerplate Changes From FY 2017-18

Sec. 1856. Hospice Room and Board Payments – REVISED

Requires DHHS expend funds to provide room and board payments to hospice residences that have been enrolled in Medicaid by October 1, 2014, requires a workgroup to determine how to streamline payment methodology; lists reporting requirements of the hospice residences, and states lapses go into general fund. Executive deletes. House requires the funds be disturbed through grants to hospices residences enrolled in Medicaid by October 1, 2017, for grant to be paid out monthly, lists reporting requirements, and requires the hospice residence to return to DHHS any remaining grant funding.

Sec. 1861. [Sec. 702. of PA 201]. Nonemergency Medical Transportation Pilot – REVISED

Requires DHHS to increase the number of counties in which a local public transportation entity is the primary administrator of the Medicaid nonemergency medical transportation benefit using a nonprofit as the transportation broker, lists purpose and performance outcomes. Executive deletes requirement that the local public transportation entity uses a nonprofit transportation broker. (Language revised in supplemental appropriations Act 201 of 2017). House revises to require continuation of pilot program.

Sec. 1875. Prior Authorization for Certain Drugs – RETAINED

Applies prior authorization prohibition to DHHS and its contractual agents for psychotropic medications, drugs for the treatment of epilepsy/seizure disorder, or drugs for organ transplant therapy, if those drugs were either carved out or not subject to prior authorization procedures as of May 9, 2016, defines "prior authorization." Executive deletes. House retains current law.

ONE-TIME APPROPRIATIONS

Sec. 1913. Medicaid Direct Primary Care Pilot Program – REVISED

Requires DHHS to apply for a federal waiver to implement a Medicaid direct primary care pilot program; outlines program requirements; requires quarterly reports; establishes unexpended funds as work project appropriation. Executive deletes. House revises to require DHHS to continue the program through available work project authorization, and retains quarterly reports.

FY 2018-19: DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES



**Summary: As Reported by House Subcommittee (HB 5575)
Article XI, House Bill 5578 (H-1) Draft 1**

Analyst: Marcus Coffin

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	<i>Difference: House From FY 2017-18 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$707,600	\$713,800	\$713,800			\$6,200	0.9
Federal	2,014,700	2,017,300	2,017,300			2,600	0.1
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	63,869,100	64,690,800	65,090,800			1,221,700	1.9
GF/GP	150,000	150,000	150,000			0	0.0
Gross	\$66,741,400	\$67,571,900	\$67,971,900			\$1,230,500	1.8
FTEs	342.5	342.5	342.5			0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating, licensing, examining, evaluating, and promoting the insurance and financial services industries operating within this state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
1. Technical Adjustments			
<u>Executive</u> includes internal adjustments which have no overall Gross or GF/GP impact. Technical adjustments include fund shifts reflected in several line items in order to align with the department's cost allocation plan. <u>House</u> concurs.	Gross	NA	\$0
	GF/GP	NA	\$0
2. Economic Adjustments			
<u>Executive</u> reflects increased costs of \$830,500 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	Gross	NA	\$830,500
	IDG	NA	6,200
	Federal	NA	2,600
	Restricted	NA	821,700
	GF/GP	NA	\$0
3. Insurance Evaluation Enhancement			
<u>House</u> includes additional one-time funding for the department to complete a study, with the assistance of an actuarial firm, capable of supporting this state's pursuit of a state innovation waiver, available under section 1332 of the Patient Protection and Affordable Care Act.	Gross	NA	\$400,000
	Restricted	NA	400,000
	GF/GP	NA	\$0

Major Boilerplate Changes From FY 2017-18

Sec. 207. Out-of-State Travel Requirements and Report – RETAINED

Stipulates various limitations regarding the conditions when DIFS may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed report on out-of-state travel. Executive revises to strike sections delineating conditions for the permissibility of out-of-state travel and by heavily modifying the requirements of the report. House retains.

Sec. 218. Communications with the Legislature – RETAINED

Prohibits DIFS from taking disciplinary action against an employee for communicating with a member of the legislature or its staff. Executive deletes. House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 219. Television and Radio Productions – RETAINED

Prohibits DIFS from developing or producing television or radio productions. Executive deletes. House retains.

Sec. 220. Healthy Michigan Plan Accounting Structure – RETAINED

Requires DIFS, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within this state's accounting system which will facilitate the identification of expenditures associated with the Healthy Michigan Plan. Executive deletes. House retains.

Sec. 221. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – RETAINED

Stipulates that the appropriation from the General Fund shall only be expended on DIFS' reporting requirements pursuant to subsection 105d(9) of The Social Welfare Act of 1939. Executive deletes. House retains.

Sec. 301. Health Insurance Rate Filings Report – REVISED

Requires DIFS to submit a report based on the annual rate filings from health insurers and delineates the information to be included. Executive deletes. House revises to delete requirement that the report contain an estimated percentage of uninsured within the state.

Sec. 401. Section 1332 State Innovation Waiver Study – NEW

House adds new language requiring DIFS to use one-time funding to have an actuarial firm complete a study capable of supporting this state's pursuit of a section 1332 state innovation waiver under the Patient Protection and Affordable Care Act.

FY 2018-19: JUDICIARY

Summary: As Reported by House Subcommittee (HB 5566)

Article XII, House Bill 5578 (H-1) Draft 1



Analyst: Robin R. Risko

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Revised Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$1,550,600	\$1,551,300	\$1,551,300			\$700	0.0
Federal	6,464,100	5,987,400	5,987,400			(476,700)	(7.4)
Local	5,955,300	6,599,800	6,499,800			544,500	9.1
Private	969,600	981,600	981,600			12,000	1.2
Restricted	92,529,000	92,879,500	92,979,500			450,500	0.5
GF/GP	192,574,400	194,483,700	195,983,700			3,409,300	1.8
Gross	\$300,043,000	\$302,483,300	\$303,983,300			\$3,940,300	1.3
FTEs	501.0	501.0	502.0			1.0	0.2

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government. The Judiciary budget provides operational funding for the Michigan Supreme Court, the Court of Appeals, and related judicial agencies. The budget funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Funding assistance for local trial court operations is provided through a variety of grant programs. The largest of these, the Court Equity Fund Reimbursement program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the number of judgeships.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Judgeship Changes

Executive includes \$255,300 Gross (\$242,200 GF/GP) to fund two new circuit court judgeships. Public Act 56 of 2014 authorizes one additional circuit court judge in Oakland County, and Public Act 57 of 2014 authorizes one additional circuit court judge in Macomb County. The amount of funding is a result of the effective date of the additional judgeships, January 1, 2019. Seventy-five percent of the costs will be funded in FY 2018-19 and the remaining twenty-five percent will be recognized in FY 2019-20. House concurs.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	\$31,149,800	\$255,300
Restricted	1,829,700	13,100
GF/GP	\$29,320,100	\$242,200

2. Swift and Sure Sanctions Program Reduction

Executive reduces funding for the Swift and Sure Sanctions Probation Program by \$154,000 GF/GP. House concurs.

Gross	\$4,000,000	(\$154,000)
Restricted	1,729,400	0
GF/GP	\$2,270,600	(\$154,000)

3. Expansion of Problem Solving Courts/Removal of One-Time Funding

Executive reduces the budget by \$519,300 GF/GP to reflect the removal of one-time funding that was included in the FY 2017-18 budget. Specifically, \$300,000 was for the development of a pretrial risk assessment tool, and \$219,300 was for expansion of problem solving courts. House eliminates \$300,000 for the pretrial risk assessment tool, but retains \$219,300 and includes an additional \$780,700, for a total of \$1.0 million, for expansion of problem solving courts.

FTE	11.0	0.0
Gross	\$1,219,300	\$480,700
GF/GP	\$1,219,300	\$480,700

4. GF/GP Fund Source Shift and Technical Adjustment for BOC

Executive reduces GF/GP by \$500,000 in the circuit and probate court judges' salary line items and replaces it with a like amount of state restricted Court Fee Fund revenue. House reduces GF/GP by \$600,000 for the judges' salary lines, replaces it with a like amount of Court Fee Fund revenue, and transfers \$100,000 GF/GP to the Branchwide Appropriations line item to correct FY 2018-19 building occupancy charges that were incorrectly fund sourced to the Direct Trial Court Automaton line item for space in the Cadillac Place state office building.

Gross	NA	\$0
Local	NA	(100,000)
Restricted	NA	600,000
GF/GP	NA	(\$500,000)

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Major Budget Changes From FY 2017-18 YTD Appropriations		
5. Non-GF/GP Fund Source Adjustments	Gross	NA
<u>Executive</u> reflects a net reduction of \$190,900 Gross from adjusting authorization for various federal, local, and state restricted fund sources in order to more accurately reflect available revenue:	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		(\$190,900)
• Federal fund source authorization - HHS, Access and Visitation Grant for SCAO reduced by \$147,900; HHS, Court Improvement Project for SCAO reduced by \$420,600; HHS, Title IV-D Child Support Program for SCAO reduced by \$231,800; and U.S. Department of Justice federal revenue for SADO increased by \$275,000.		(525,300)
• Local User Fee revenue for Direct Trial Court Automation Support increased by \$544,700.		544,700
• State restricted fund source authorization - Court of Appeals Filing/Motion Fee revenue for Swift and Sure Sanctions Probation Program reduced by \$191,800; Law Exam Fee revenue for Supreme Court Administration increased by \$63,000; Miscellaneous Revenue for SCAO reduced by \$34,600; and Miscellaneous Revenue for SADO reduced by \$46,900.		(210,300)
<u>House</u> concurs.		\$0
6. Transfer Court of Claims Funding	Gross	\$511,900
<u>Executive</u> transfers \$511,900 GF/GP from the State Court Administrative Office line item to the Court of Appeals line item. This amount of funding is used by the Court of Appeals for cases handled by the Court of Claims, pursuant to Public Act 164 of 2013 that transferred jurisdiction for Court of Claims cases to the Court of Appeals. <u>House</u> concurs.	GF/GP	\$511,900
		\$0
7. Economic Adjustments	Gross	NA
<u>Executive</u> reflects increased costs of \$3.0 million Gross (\$2.8 million GF/GP) for negotiated salary and wage increases (2.0% ongoing), insurance rate increases, actuarially required retirement contributions, worker's compensation premium costs, building occupancy charges, and private rent costs. <u>House</u> concurs.	IDG	NA
	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		\$3,049,200
		700
		48,600
		99,800
		12,000
		47,700
		\$2,840,400
8. Community Dispute Resolution	Gross	\$2,384,000
<u>Executive</u> retains current year funding levels. <u>House</u> includes an additional \$499,900 GF/GP for community dispute resolution centers to provide restorative justice programs to schools to help reduce suspensions and truancy, and to improve school climates. Funding may also be used for centers to expand existing restorative justice programming that targets juvenile offenders who have been charged with assault and battery, malicious destruction of property, or larceny offenses.	Restricted	2,384,000
	GF/GP	\$0
		\$499,900
9. Youthful Sex Offender Treatment Pilot Program	Gross	NA
<u>Executive</u> does not make a recommendation. <u>House</u> includes a \$100 placeholder to allow time to research the establishment of a diversionary treatment program for young sex offenders, which would be modeled after existing programs that have proven to be successful.	GF/GP	NA
		\$100
10. Juror Compensation Staff	FTE	0.0
<u>Executive</u> does not include adjustments. <u>House</u> includes authorization for 1.0 FTE position. Public Act 52 of 2017 authorizes SCAO to have one position within the office that provides technical assistance to all state trial courts on jury management.	Gross	\$6,600,000
	Restricted	6,600,000
	GF/GP	\$0
		\$0

Major Boilerplate Changes From FY 2017-18

Sec. 215. Disciplinary Action Against State Employees – RETAINED

Prohibits the judicial branch from taking disciplinary action against employees for communicating with legislators or their staff. Executive deletes. House retains.

Sec. 216. Input on Foster Care Cases – RETAINED

Expresses legislative intent that judges presiding over hearings on foster care cases publicly acknowledge and request input from foster parent(s) during hearings. Executive deletes. House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 217. Changes to Foster Care Family Service Plans – RETAINED

Expresses legislative intent that judges presiding over foster care cases provide explanations in court records for any changes made to foster care family service plans. Executive deletes. House retains.

Sec. 218. Linking Swift and Sure Sanctions Program to DHHS and DTED Programs – DELETED

Requires SCAO to evaluate programs within the Departments of Health and Human Services and Talent and Economic Development to establish programmatic connections with Swift and Sure Sanctions program participants for the purpose of leveraging collaborations and determining avenues of success for offenders who are eligible for state-provided programs; requires SCAO to deliver guidance to courts participating in the Swift and Sure Sanctions program. Executive deletes. House deletes.

Sec. 219. Receipt and Retention of Required Reports – RETAINED

Requires the judicial branch to receive and retain copies of all reports required; requires federal and state guidelines to be followed for short- and long-term retention of records; authorizes the judicial branch to electronically retain copies of reports unless otherwise required by federal and state guidelines. Executive deletes. House retains.

Sec. 304. Judicial Data Warehouse – REVISED

Authorizes members of the legislature to request data or reports from data collected in the judicial data warehouse; requires data to be made available to the public, unless disclosure is prohibited; requires data provided to be public and non-identifying information. Executive revises to require reports to be made available to the public, instead of all data from the warehouse. House concurs with Executive revisions.

Sec. 305. Community Dispute Resolution Centers – NEW

Requires community dispute resolution centers to provide restorative justice programs to schools to help reduce suspensions and truancy, and to improve school climates; authorizes funding to be used by centers, in cooperation with local prosecutors, to expand existing restorative justice programming that targets juvenile offenders who have been charged with assault and battery, malicious destruction of property, or larceny offenses. Executive does not include. House includes new language.

Sec. 306. Collected and Uncollected Payments and Fees – DELETED

Requires SCAO to provide a statistical report, categorized by county, on collected and uncollected amounts of restitution payments, court fees, and other judgements placed on people within the counties. Executive deletes. House deletes.

Sec. 312. Parental Rights Restoration Act – RETAINED

Requires SCAO to report on the total number of petitions filed by minors seeking court-issued waivers of parental consent under the Parental Rights Restoration Act, and the total number of petitions granted. Executive deletes. House retains.

Sec. 316. Pretrial Risk Assessment – REVISED

Requires SCAO to pilot a pretrial risk assessment tool in an effort to provide relevant information to judges so they can make evidence-based bond decisions; requires SCAO to report on their plans for piloting the tool, including an implementation timeline; requires SCAO to report on costs associated with piloting the tool. Executive deletes requirement that SCAO report on plans for piloting the tool, and includes a new requirement that SCAO report on progress made toward implementing the tool, instead of on costs associated with piloting the tool. House deletes requirement that SCAO report on plans for piloting the tool, and includes a new requirement that SCAO report on progress made toward implementing the tool and the associated costs.

Sec. 317. Judicial Car Leases – RETAINED

Prohibits funding from being used for permanent assignment of state-owned vehicles to justices, judges, or other judicial branch employees. Executive revises to exempt justices. House retains current law.

Sec. 401. Veterans Courts – DELETED

Requires \$68,000 of funding appropriated for veterans courts to be allocated to the veterans court in Kalamazoo to be used for increasing the number of participants and decreasing recidivism rates. Executive deletes. House deletes.

Sec. 1201. Anticipated FY 2018-19 Appropriations – RETAINED

Expresses legislative intent that FY 2018-19 appropriations are to be funded at the same level as FY 2017-18 appropriations, but adjusted for changes in caseloads, federal fund match rates, economic factors, and available revenues. Executive deletes. House retains and updates fiscal years to refer to FY 2019-20 appropriations.

FY 2018-19: DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS



**Summary: As Reported by House Subcommittee (HB 5574)
Article XIII, House Bill 5578 (H-1) Draft 1**

Analyst: Marcus Coffin

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Revised Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$47,835,100	\$48,414,300	\$48,414,300			\$579,200	1.2
Federal	65,020,900	65,744,400	65,744,400			723,500	1.1
Local	250,000	100,000	100,000			(150,000)	(60.0)
Private	111,800	111,800	111,800			0	0.0
Restricted	277,037,600	288,771,300	288,771,300			11,733,700	4.2
GF/GP	44,416,600	88,820,300	88,820,300			44,403,700	100.0
Gross	\$434,672,000	\$491,962,100	\$491,962,100			\$57,290,100	13.2
FTEs	2,379.8	2,379.8	2,379.8			0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Licensing and Regulatory Affairs (LARA) is this state's primary regulatory agency. The department conducts regulation in numerous sectors, including: commercial and occupational activities, construction and fire safety, health care and human services, energy and public utilities, liquor control, and medical marihuana. Agencies within LARA are also responsible for implementing and enforcing workers' compensation requirements, occupational safety and health standards, and labor and wage laws. The department provides vocational rehabilitation services for the blind and coordinates employment services for immigrants. Agencies within LARA conduct and adjudicate administrative hearings, supervise administrative rulemaking, and evaluate regulatory requirements and administrative processes for departments and agencies throughout state government. Lastly, LARA contains and provides support for three ethnic affairs commissions and the Michigan Indigent Defense commission.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Michigan Indigent Defense Commission Grants

Executive includes \$61.3 million Gross (\$15.3 million state restricted reimbursements from partially indigent defendants and \$46.0 million GF/GP) to support grants made by the Michigan Indigent Defense Commission (MIDC). Grants will be made to local funding units, to support various provisions contained within approved compliance plans and cost analyses that will align indigent defense practices with four standards established by the MIDC. House concurs.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	NA	\$61,300,000
Restricted	NA	15,300,000
GF/GP	NA	\$46,000,000

2. First Responder Presumed Coverage Claims

Executive provides an additional \$3.5 million in restricted funding from the First Responder Presumed Coverage Fund in order to annualize revenues to support payments of First Responder Presumed Coverage claims. The increase will bring the total amount of the authorization to \$5.2 million (\$0 GF/GP). Funds are projected to be available for this purpose from revenues to the Medical Marihuana Excise Fund. House concurs.

Gross	\$1,780,000	\$3,465,000
Restricted	1,780,000	3,465,000
GF/GP	\$0	\$0

3. Medical Marihuana Operation and Oversight Grant Elimination

Executive eliminates \$3.0 million in restricted funding that supported grants made to county law enforcement agencies, which were distributed proportionally based on the number of registry identification cards issued or renewed within a given county. Pursuant to 2016 PA 281, local governments now receive different grants, determined by statutory amounts due from the Medical Marihuana Excise Fund. House concurs.

Gross	\$3,000,000	(\$3,000,000)
Restricted	3,000,000	(3,000,000)
GF/GP	\$0	\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
4. Liquor Law Enforcement Grants Enhancement	Gross	\$7,200,000	\$1,200,000
<u>Executive</u> provides for an increase of \$1.2 million in restricted funding for the amount available for the grants. Funding for the grants comes from retailers' liquor license fees and license renewal fees. Per statute, 55% of revenues from these license fees are to be distributed to the jurisdiction that collected them for the enforcement of the Liquor Control Code and associated rules. <u>House</u> concurs.	Restricted	7,200,000	1,200,000
	GF/GP	\$0	\$0
5. Fire Protection Grants Elimination	Gross	\$9,273,900	(\$9,273,900)
<u>Executive</u> eliminates the \$9.3 million (\$773,900 GF/GP) authorization for Fire Protection Grants. The Executive has included a proposal to use \$15 million from Local Community Stabilization Authority (LCSA) Tier 3 payments for nonessential services to provide a new funding mechanism for the grants. <u>House</u> concurs.	Restricted	8,500,000	(8,500,000)
	GF/GP	\$773,900	(\$773,900)
6. Nurse Aide Training and Registration Program	Gross	NA	\$600,000
<u>Executive</u> includes \$600,000 in restricted funding from the Nurse Aide Registration Fund to implement the Nurse Aide Training and Registration Program, pursuant to 2017 PA 172. <u>House</u> concurs.	Restricted	NA	600,000
	GF/GP	NA	\$0
7. Substance Use Disorder Programs	Gross	NA	\$500,000
<u>Executive</u> includes \$500,000 in restricted funding from the Marijuana Regulatory Fund to support costs associated with the licensing of substance use disorder programs. Pursuant to 2016 PA 281, \$500,000 must be distributed from collected regulatory assessments for licensing substance use disorder programs. <u>House</u> concurs.	Restricted	NA	500,000
	GF/GP	NA	\$0
8. Elimination of Administrative Support for the Local Community Stabilization Authority	Gross	\$150,000	(\$150,000)
<u>Executive</u> eliminates \$150,000 in local funding that was supported by local revenues and which supported staff and operations of the Local Community Stabilization Authority. Responsibilities previously supported by these funds have been shifted to the Michigan Municipal Services Authority (MMSA). <u>House</u> concurs.	Local	150,000	(150,000)
	GF/GP	\$0	\$0
9. Division on Deafness Fund Transfer	Gross	NA	\$93,400
<u>Executive</u> includes \$93,400 in restricted funding to reflect the transfer of program functions from the Department of Civil Rights to LARA, pursuant to Executive Order No. 2017-8. The Executive Order transferred responsibility for the testing and certification of interpreters for the deaf to LARA. <u>House</u> concurs.	Restricted	NA	93,400
	GF/GP	NA	\$0
10. Removal of One-Time Appropriations	Gross	\$1,400,100	(\$1,400,100)
<u>Executive</u> removes \$1.4 million Gross (\$1.4 million GF/GP) in FY 2017-18 one-time appropriations. Appropriations included \$1.4 million GF/GP for Fire Protection Grants Enhancement and \$100 in restricted funding for the Drinking Water Declaration of Emergency. <u>House</u> concurs.	Restricted	100	(100)
	GF/GP	\$1,400,000	(\$1,400,000)
11. Revenue Alignment and Reduction of Overstated Deducts	Gross	NA	(\$639,300)
<u>Executive</u> reduces restricted fund authorizations for a net decrease of \$639,300, in order to accurately reflect fund availability and to align with revenue estimates. <u>House</u> concurs.	Restricted	NA	(639,300)
	GF/GP	NA	\$0
12. Economic Adjustments	Gross	NA	\$4,595,000
<u>Executive</u> reflects increased costs of \$4.6 million Gross (\$577,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy changes, and other economic adjustments. <u>House</u> concurs.	IDG	NA	579,200
	Federal	NA	723,500
	Restricted	NA	2,714,700
	GF/GP	NA	\$577,600

Major Boilerplate Changes From FY 2017-18

Sec. 207. Out-of-State Travel Requirements and Report – RETAINED

Stipulates various limitations regarding the conditions when LARA may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed report on out-of-state travel. Executive revises to strike sections delineating conditions for the permissibility of out-of-state travel and by heavily modifying the requirements of the report. House retains.

Sec. 218. Communications with the Legislature – RETAINED

Prohibits LARA from taking disciplinary action against an employee for communicating with a member of the legislature or its staff. Executive deletes. House retains.

Sec. 219. Television and Radio Productions – RETAINED

Prohibits LARA from developing or producing television or radio productions. Executive deletes. House retains.

Sec. 220. Healthy Michigan Plan Accounting Structure – RETAINED

Requires LARA, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within this state's accounting system which will facilitate the identification of expenditures associated with the Healthy Michigan Plan. Executive deletes. House retains.

Sec. 226. Regulatory and Statistical Report – RETAINED

Requires LARA to submit an annual report that specifies and summarizes statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for each regulatory product administered by regulatory agencies within LARA. Executive deletes. House retains.

Sec. 227. Departmental Employee Performance Monitoring Process – RETAINED

Stipulates legislative intent that LARA establish a consistent employee performance monitoring process and submit a report pertaining to planned or implemented changes to that process. Executive deletes. House retains.

Sec. 301. Low-Income Energy Assistance Grants – REVISED

Stipulates funds supporting the low-income energy assistance grant program are appropriated upon the awarding of grants and may be used for grant payments or administrative expenses related to the program. Executive revises to indicate that the Public Service Commission now administers the grants on behalf of DHHS. House concurs.

Sec. 401. IT Upgrades to Mitigate Licensure Delays – DELETED

Stipulates that funds from the Liquor Purchase Revolving Fund be used to invest in upgrades to mitigate delays in issuing licenses; legislative intent is expressed that the upgrades should utilize free software if it is available. Executive deletes. House deletes.

Sec. 401. Investigation of Direct Shipments of Wine and Report – REVISED

Stipulates the LCC shall use funds appropriated from the Direct Shipper Enforcement Fund – as required in the Michigan Liquor Control Code – to investigate illegal direct shipments of wine; requires the LCC to produce a report detailing activities to investigate the illegal shipping of wine. House revises to include a requirement that cases of out-of-state illegal shipping be referred to the Attorney General and that a notice be sent to entities shipping illegally.

Sec. 505. Medical Marijuana Program Report and Fees – RETAINED

Requires LARA to submit a report pertaining to revenue, expenditures, application determinations, timeliness, and administration of the Medical Marijuana Program. Executive revises to delete reporting requirements. House retains.

Sec. 509. Regulatory Fees on Child and Adult Care Facilities – RETAINED

Requires LARA to assess and collect fees on child care and adult foster care organizations in accordance with existing legislation; the department is required to report these collections to the fiscal agencies. Executive revises to exclude the requirement that the department report collected fees to the fiscal agencies. House retains.

Sec. 510. Michigan Automated Prescription System (MAPS) Report – REVISED

Requires LARA to submit a report detailing usage statistics for MAPS, department activities resulting from information obtained from MAPS, and integrations between MAPS and electronic health record systems. Executive revises to include a more detailed reporting requirement for the types of entities that have integrated their electronic health records systems and to include a reporting requirement for the number of delegate users registered. House concurs.

Sec. 702. Vocational Rehabilitation Matching Funds – RETAINED

Requires BSBP to work collaboratively with service organizations and government entities to identify match dollars and maximize federal vocational rehabilitation funds. Executive deletes. House retains.

Sec. 803. Michigan Indigent Defense Commission Performance Metrics and Report – NEW

Executive includes a new section requiring the MIDC to identify and implement a performance metrics system that compares indigent defense services in Michigan to national standards; and to issue a report on the metrics. House concurs.

Sec. 805. Ethnic Affairs Commissions Activities – NEW

House adds new language requiring that expenditures for commission events directly relate to the commission's mission statement.

Major Boilerplate Changes From FY 2017-18

Sec. 901. Fire Protection Grants – DELETED

House deletes language requiring LARA to award appropriated fire protection grant funds to local units of government for fire protection services provided to state-owned facilities located within their jurisdictions, in accordance with 1977 PA 289.

Sec. 902. Medical Marihuana Registry Cards Report and Grants to County Law Enforcement – DELETED

Stipulates LARA is to award Medical Marihuana Operation and Oversight Grants to county law enforcement offices; requires LARA to post a listing of available grant funds; requires reports be submitted by both county sheriffs' offices and LARA pertaining to the amounts, recipients, and uses of the grants; and permits county sheriffs' offices to distribute discretionary grants to municipal law enforcement agencies. Executive deletes. House deletes.

FY 2018-19: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS



**Summary: As Reported by House Subcommittee (HB 5570)
Article XIV, House Bill 5578 (H-1) Draft 1**

Analyst: Kent Dell

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$101,800	\$101,800	\$101,800			\$0	0.0
Federal	92,334,100	98,170,200	98,170,200			5,836,100	6.3
Local	1,528,400	1,545,400	1,545,400			17,000	1.1
Private	640,000	630,000	630,000			(10,000)	(1.6)
Restricted	22,332,600	23,279,500	23,279,500			946,900	4.2
GF/GP	62,567,500	65,362,400	63,750,700			1,183,200	1.9
Gross	\$179,504,400	\$189,089,300	\$187,477,600			\$7,973,200	4.4
FTEs	913.5	921.5	921.5			8.0	0.9

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Military and Veterans Affairs provides for the operations of the Michigan National Guard in support of the military and security needs of the state and the federal government. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, including the state's veterans' homes, grants to veterans service organizations, and the Michigan Veterans Trust Fund.

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
1. National Guard Tuition Assistance Fund – Deposit			
<u>Executive</u> includes \$2.5 million GF/GP increase to the National Guard Tuition Assistance Fund, which would total \$6.5 million restricted authorization. The department estimates that 1,332 service members will utilize the National Guard Tuition Assistance Program in FY 2018-19, up from 433 participants in FY 2014-15, the first fiscal year in which the program was implemented. <u>House</u> concurs.	Gross GF/GP	\$4,007,000 \$4,007,000	\$2,500,000 \$2,500,000
2. D.J. Jacobetti Home for Veterans – CMS Certification	FTE	NA	0.0
<u>Executive</u> includes \$1.1 million GF/GP to support staffing, and operational changes to assist with obtaining Centers for Medicare and Medicaid Services certification, which will increase access to federal revenues for medical care for resident veterans. <u>House</u> does not include additional funds for CMS certification and restructures funding for the D.J. Jacobetti Home for Veterans by separating \$2.1 million ongoing GF/GP appropriated in previous fiscal years for CMS certification into a separate line item.	Gross Federal Restricted GF/GP	NA NA NA NA	\$0 0 0 \$0
3. Camp Grayling – Operation Northern Strike	FTE	195.0	8.0
<u>Executive</u> includes \$750,000 GF/GP for 8.0 FTEs in support of the annual National Guard training operation, Northern Strike. Personnel support range control and operation, site maintenance, and logistics. <u>House</u> concurs.	Gross Federal Restricted GF/GP	\$33,956,100 30,760,500 1,617,800 1,577,800	\$750,000 0 0 \$750,000
4. National Guard Armory Sustainment, Restoration, and Modernization	FTE		
<u>Executive</u> includes \$5.0 million federal authorization in order to expend matching funds provided by the U.S. National Guard Bureau in support of ongoing improvements to Michigan National Guard armories. State funds for National Guard armory maintenance are matched at a 50-50 ratio by the U.S. Department of Defense. <u>House</u> concurs.	Gross Federal GF/GP	\$15,000,000 15,000,000 \$0	\$5,000,000 5,000,000 \$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
5. National Guard Land Purchases and Acquisitions	Gross	\$2,000,000	\$900,000
<u>Executive</u> includes \$900,000 restricted revenue authorization from the Michigan National Guard Construction Fund, in order to purchase, appraise, and survey land in support of continuing National Guard armory consolidation and improvement. <u>House</u> concurs.	Restricted	2,000,000	900,000
	GF/GP	\$0	\$0
6. Michigan Veterans' Facility Authority – Staffing	Gross	\$1,000,000	\$0
<u>Executive</u> includes \$500,000 GF/GP to provide for staffing of the Michigan Veterans' Facility Authority as it becomes fully operational. <u>House</u> does not include.	GF/GP	\$1,000,000	\$0
7. County Veteran Service Fund – Placeholder	Gross	NA	\$0
<u>House</u> shifts \$100 GF/GP from the Veterans Service Grants line item to create a placeholder for appropriations to the County Veteran Service Fund, which would support grants to counties for local-level veterans services operations.	GF/GP	NA	\$0
8. Technical Adjustments	Gross	NA	(\$2,645,000)
<u>Executive</u> removes FY 2017-18 one-time appropriations; aligns authorizations with expected revenues available from state restricted and private sources; and provides for net-zero internal transfers. <u>House</u> concurs.	Private	NA	(10,000)
	Restricted	NA	(135,000)
	GF/GP	NA	(\$2,500,000)
9. Economic Adjustments	Gross	NA	\$1,468,200
<u>Executive</u> reflects increased costs of \$1.5 million Gross (\$433,200 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	Federal	NA	836,100
	Local	NA	17,000
	Restricted	NA	181,900
	GF/GP	NA	\$433,200

Major Boilerplate Changes From FY 2017-18

Sec. 210. Contingency Fund Authorization – REVISED

Provides for federal, state restricted, local, and private contingency fund spending authorizations to be utilized via legislative transfer when available revenues exceed appropriated revenues. Executive revised to increase total federal contingency fund authorization from \$10.0 million to \$12.0 million. House concurs.

Sec. 215. Disciplinary Action Against State Employees – RETAINED

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature. Executive deleted. House retains.

Sec. 219. Intention to Sell Department Property – RETAINED

Requires the department to notify the Legislature 60 days prior to publicly announcing the intention to sell department property. Executive deleted. House retains.

Sec. 301. Unclassified Positions – RETAINED

Establishes the unclassified positions within the department and requires the department to notify the Legislature 30 days prior to requesting changes in the unclassified positions from the Civil Service Commission. Executive deleted. House retains.

Sec. 303. Michigan Youth ChalleNGe Academy – REVISED

Provides for the standards and requirements of the Michigan National Guard's military-style academy for at-risk youth, the Michigan Youth ChalleNGe Academy. Executive revised to 1) specify that the department shall maintain the staffing and resources necessary to graduate 228 cadets annually, through two classes of 144 cadets and 2) require the department to measure cadet success through the Test of Adult Basic Education (TABE) scores, and/or high school credit recovery or receipt of a high school, or equivalent, diploma. House concurs.

Sec. 402. Grand Rapids and D.J. Jacobetti Home for Veterans – REVISED

Provides for the service and care requirements of the state veterans homes. House revises to include additional standards for contractual mental health care services.

Sec. 403. D.J. Jacobetti Home for Veterans CMS Certification – REVISED

Requires increased funding for the D.J. Jacobetti Home for Veterans to be used toward achieving Centers for Medicare and Medicaid Services (CMS) certification standards. Executive revised to state that the purpose is to obtain CMS certification by October 1, 2018; previously June, 1 2018. House revises to state that the purpose is to obtain CMS certification by October 1, 2018 and includes additional reporting requirements if CMS certification is not obtained by the stated date.

Major Boilerplate Changes From FY 2017-18

Sec. 406. MVAA Outreach Services – REVISED

Requires the Michigan Veterans Affairs Agency to provide outreach and advisory services to Michigan veterans and to assist with filing for, and obtaining, military discharge papers (DD-214) and federal veterans benefits. Executive revised to remove a reporting requirement regarding the community assessment and regional service delivery model pilot program. House concurs.

Sec. 407. Grants to Veterans Service Organizations – REVISED

Establishes the purpose and goals of grants issued by the Michigan Veterans Affairs Agency to Veterans Service Organizations operating in the state to assist veterans receive U.S. Department of Veterans Affairs veterans' benefits. Executive revised to remove the fixed hourly reimbursement rate cap of \$34.00 per hour. House retains the fixed hourly reimbursement rate cap of \$34.00 per hour and includes additional oversight and reporting requirements for monitoring the use of grant funds provided to Veterans Service Organizations.

Sec. 601. Armory Maintenance (One-Time) – DELETED

Provides for the requirements of FY 2017-18 one-time appropriations for armory maintenance. Executive deleted. House concurs.

Sec. 701. Anticipated Appropriations – RETAINED

Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year, with adjustments reflecting expected revenues as determined by the Consensus Revenue Estimating Conference. Executive deleted. House retains and renumbers as section 601.

Sec. 702. MVAA Outreach – RETAINED

Establishes a goal of 100% contact with Michigan veterans and requires quarterly reporting to the appropriations subcommittees. Executive deleted. House retains and renumbers as section 602.

Sec. 703. MVAA Claims Services – RETAINED

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed benefits claims to the U.S. Department of Veterans Affairs. Executive deleted. House retains and renumbers as section 603.

FY 2018-19: DEPARTMENT OF NATURAL RESOURCES
Summary: As Reported by House Subcommittee (HB 5569)
Article XV, House Bill 5578 (H-1) Draft 1



Analyst: Austin Scott

IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
	\$232,200	\$232,200	\$232,200			\$0	0.0
Federal	70,095,700	81,731,600	81,731,600			11,635,900	16.6
Local	0	0	0			0	--
Private	7,446,000	7,431,400	7,431,400			(14,600)	(0.2)
Restricted	274,248,500	299,965,800	299,965,800			25,717,300	9.4
GF/GP	57,971,100	47,344,300	46,744,300			(11,226,800)	(19.4)
Gross	\$409,993,500	\$436,705,300	\$436,105,300			\$26,111,800	6.4
FTEs	2,267.8	2,333.3	2,328.3			60.5	2.7

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Natural Resources (DNR) manages Michigan's natural and cultural resources through conservation and protection. State parks, wildlife, fisheries, forests, and minerals management are all administered by the DNR.

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)		FY 2018-19 House Change
	1. Wildlife Management	FTE	218.5
<u>Executive</u> includes an additional 3.0 FTEs and \$1.6 million GF/GP for the wildlife management program. New funding will be used for lab technicians, testing costs and supplies, rapid response partnership with US Department of Agriculture, and veterinary diagnostic services. This increase will also support the DNR's bovine tuberculosis and deer management operations, including chronic wasting disease response and sharpshooting efforts. A one-time appropriation of \$1.0 million GF/GP for FY 2017-18 has been moved to ongoing for FY 2018-19. <u>House</u> concurs.	Gross	\$42,932,700	\$1,600,000
	Federal	24,954,900	0
	Private	315,700	0
	Restricted	14,836,900	0
	GF/GP	\$2,825,200	\$1,600,000
2. General Law Enforcement – Conservation Officers	FTE	284.0	5.0
<u>Executive</u> provides 10.0 FTEs and \$1.5 million GF/GP to support a Conservation Officer (CO) school and the 10 newly commissioned COs. There are 232 COs currently serving; these officers enforce natural resources (game, fish, forestry), environmental pollution, and outdoor recreation (boating, hunting, ORV, snowmobile safety) laws. <u>House</u> provides 5.0 FTEs and \$750,000 GF/GP.	Gross	\$42,435,200	\$750,000
	Federal	6,510,900	0
	Restricted	24,758,000	0
	GF/GP	\$11,166,300	\$750,000
3. Tribal Consent Decree Renegotiation and Implementation	FTE	NA	1.0
<u>Executive</u> provides 1.0 FTE and \$277,500 GF/GP (including \$37,500 in one-time GF/GP) to cover costs associated with negotiating and implementing a new Great Lakes Consent Decree. A new agreement between signatory tribes, Michigan, and the United States is needed to replace the expiring agreement that has governed the allocation, management, and regulation of Great Lakes fisheries in Michigan since 2000. <u>House</u> provides 1.0 FTE and \$150,000 GF/GP.	Gross	NA	\$150,000
	GF/GP	NA	\$150,000
4. Historical Facilities System – Mackinac Island State Park	FTE	13.0	0.0
<u>Executive</u> adds \$200,000 GF/GP to increase support for maintenance costs at Mackinac Island State Park facilities. <u>House</u> adds \$100,000 GF/GP.	Gross	\$1,583,700	\$100,000
	Restricted	1,583,700	0
	GF/GP	\$0	\$100,000

		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Major Budget Changes From FY 2017-18 YTD Appropriations			
5. Local Public Recreation Development Grant (One-Time)	Gross	NA	\$142,500
<u>House</u> adds \$142,500 in one-time GF/GP for a grant to develop a boat launch at Long Lake in Alpena County.	GF/GP	NA	\$142,500
6. Local Public Recreation Planning Grant (One-Time)	Gross	NA	\$120,000
<u>House</u> adds \$120,000 in one-time GF/GP for a grant to cover planning costs at Grindstone harbor in Huron County.	GF/GP	NA	\$120,000
7. Wildlife and Fisheries Health Study	Gross	NA	\$114,900
<u>House</u> adds \$114,900 GF/GP for a study to investigate the effect of PFAS contamination on Michigan's wildlife and fisheries populations.	GF/GP	NA	\$114,900
8. Grand River Dredging Project (One-Time)	Gross	NA	\$100
<u>House</u> adds a \$100 placeholder of one-time GF/GP for a study on the depth of the Grand River from Lake Michigan to the city of Grand Rapids and the cost of dredging that section of the river to a depth sufficient for recreational boat traffic.	GF/GP	NA	\$100
9. Snowmobile Trail Groomer Pilot (One-Time)	Gross	NA	\$200,000
<u>Executive</u> provides \$200,000 from the snowmobile trail improvement fund to pilot a program aimed at developing a new snowmobile trail groomer to maintain state snowmobile trails.	Restricted	NA	200,000
<u>House</u> concurs.	GF/GP	NA	\$0
10. Increased Camping Fee Revenue and Recreation Passport Sales	FTE	NA	26.5
<u>Executive</u> provides 26.5 FTEs and \$4.1 million in additional restricted funding for departmental marketing and outreach, forest recreation and trails, recreational boating, state parks, and Recreation Passport local grants. Funding comes from increased camping fee revenue and Recreation Passport sales.	Gross	NA	\$4,075,000
<u>House</u> concurs.	Restricted	NA	4,075,000
	GF/GP	NA	\$0
11. Increased Off-road Vehicle Fee Revenue	FTE	NA	2.0
<u>Executive</u> provides 2.0 FTEs and \$1.3 million in additional off-road vehicle (ORV) trail improvement funding for departmental administration, law enforcement, and ORV trail improvement grants. Funding comes from increased ORV fee revenue.	Gross	NA	\$1,300,000
<u>House</u> concurs.	Restricted	NA	1,300,000
	GF/GP	NA	\$0
12. Removal of FY 2017-18 One-Time Funding	Gross	\$16,676,200	(\$16,676,200)
<u>Executive</u> removes \$16.7 million Gross (\$15.7 GF/GP) for one-time projects included in the previous fiscal year's budget:	Restricted	1,000,000	(1,000,000)
	GF/GP	\$15,676,200	(\$15,676,200)
State parks repair and maintenance			\$7,000,000
Trail development			5,000,000
Land ownership tracking system			2,900,000
Bay City state recreation area, playscape reconstruction			400,000
Onaway state park, pavilion reconstruction			400,000
Shooting range construction, repair, and maintenance			250,000
Swimmer's itch pilot program			250,000
Snowmobile local grants program (one-time)			226,200
Invasive species (one-time)			200,000
Mineral extraction summit			50,000
<u>House</u> concurs.			
13. Capital Outlay Project Adjustments	Gross	\$20,575,000	\$17,643,000
<u>Executive</u> makes current services baseline adjustments to capital outlay projects by increasing federal and restricted funding for a net increase of \$17.6 million Gross. Adjustments include removing funding for East Tawas state harbor phase I as well as adding funding for forest development infrastructure, East Tawas state harbor phase III, Elmwood Township marina, Ottawa Brach marina, and Presque Isle Marina.	Federal	1,075,000	643,000
<u>House</u> concurs.	Restricted	18,000,000	17,000,000
	GF/GP	\$1,500,000	\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
14. Technical Adjustments	FTE	NA	23.0
<u>Executive</u> increases DNR budget by 23.0 FTEs and \$12.8 million Gross (\$929,600 GF/GP) to align authorization with available funds and comply with organizational changes. Adjustments include transferring the Office of the Great Lakes from the DEQ to the DNR (Executive Order 2017-9) and transferring the Historical Marker program from the Michigan History Foundation.	Gross	NA	\$12,814,700
<u>House</u> concurs.	Federal	NA	10,556,000
	Private	NA	(15,000)
	Restricted	NA	1,344,100
	GF/GP	NA	\$929,600
15. Economic Adjustments	Gross	NA	\$3,777,800
<u>Executive</u> reflects increased costs of \$3.8 million Gross (\$542,300 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	436,900
<u>House</u> concurs.	Private	NA	400
	Restricted	NA	2,798,200
	GF/GP	NA	\$542,300

Major Boilerplate Changes From FY 2017-18

Sec. 218. Retention of Reports – RETAINED

Requires DNR to retain copies of all reports funded from appropriations.

Executive deletes, House retains.

Sec. 220. Disciplinary Action Against State Employees – RETAINED

Prohibits DNR from disciplining state employees for communicating with members of the Legislature and their staffs.

Executive deletes, House retains.

Sec. 221. Lake Level Assessment Reimbursements – NEW

Designates \$35,000 from the finance and operations appropriation to reimburse qualifying costs related to lake level assessments.

House adds new section.

Sec. 251. Invasive Species Initiative – RETAINED

Requires \$3.6 million for the Invasive Species Initiative be allocated as grants for prevention, detection, eradication, and control of invasive species.

Executive deletes, House retains.

Sec. 404. Museum Store Revolving Fund – DELETED

States that contract expenditures for the museum store are exempt from the Management and Budget Act.

Executive deletes, House concurs.

Sec. 405. Proceeds from Artifact Auctions, Sales, or Transfers – RETAINED

Funds received through the excess of unneeded artifacts by the Historical Museum are appropriated to the DNR to obtain other desired items for the State Historical Museum; allows carryforward of funds.

Executive deletes, House retains.

Sec. 406. Historical Program Fees – RETAINED

Allows DNR to charge fees for historical program services such as document production, conferences, workshops, facilities, and museum admissions.

Executive deletes, House retains.

Sec. 408. Land Transactions – RETAINED

Requires detailed report to Legislature on land purchases, sales, and exchanges.

Executive deletes, House retains.

Sec. 503. Invasive Species Order Enforcement – RETAINED

Requires report on efforts taken to enforce the Natural Resources Commission's invasive species order concerning raising feral swine in Michigan.

Executive deletes, House retains.

Sec. 504. Cervid Operation Fees – RETAINED

Requires report on the use of registration fees from privately owned cervid operations.

Executive deletes, House retains.

Sec. 505. Wildlife and Fisheries Health Study – NEW

Requires the DNR to use funds appropriated in part 1 to investigate the effect of PFAS contamination on Michigan's wildlife and fisheries populations.

House adds new section.

Major Boilerplate Changes From FY 2017-18

Sec. 602. Water Control Structure Certification – RETAINED

Directs Fisheries Division not to interfere with the certification process for dams and other water control structures.
Executive deletes, House retains.

Sec. 808. Forest Management and Timber Market Development – RETAINED

Requires DNR to use increased funding available from the increased timber harvest for the purpose of expanding the forest products economy, includes a departmental requirement to develop corresponding metrics to assess performance.
Executive deletes, House retains.

Sec. 809. Wayne County Soil Mapping Program – NEW

Designates \$25,000 from the cooperative resource program appropriation to fund the Wayne County soil mapping program.
House adds new section.

Sec. 901. Snowmobile Law Enforcement Grants – DELETED

Provides snowmobile law enforcement grant funds to county law enforcement agencies in counties with state snowmobile trails.
Executive deletes, House concurs.

Sec. 902. Marine Safety Grants – RETAINED

Requires report on the Marine Safety Grant Program. Report to include watercraft registrations revenues; revenues and expenditures of the Marine Safety Fund; grant distribution methodology; and a list of grant awards by county.
Executive deletes, House retains.

Sec. 903. Conservation Officers – DELETED

Directs the use of the increased appropriation in part 1 for conservation officers to hire, train, and equip 10 detectives and two support staff.
Executive deletes, House concurs.

Sec. 1002. Silver Lake Law Enforcement Reimbursement – NEW

Designates \$35,000 from the off-road vehicle trail improvement grants appropriation to reimburse local units of government for costs related to seasonal law enforcement at Silver Lake.
House adds new section.

Sec. 1201. Swimmer's Itch Pilot Program – DELETED

Designates \$250,000 GF/GP in part 1 to be distributed to a Michigan-based nonprofit organization for swimmer's itch mitigation and research and requires a progress report.
Executive deletes, House concurs.

Sec. 1202. Grand River Dredging Project – NEW

Directs the DNR to conduct a study on the depth of the Grand River from Lake Michigan to the city of Grand Rapids and the cost of dredging that section of the river to a depth sufficient for recreational boat traffic.
House adds new section.

Sec. 1203. Local Public Recreation Development Grant – NEW

Requires the DNR to use funds appropriated in part 1 for a local public recreation development grant to provide a grant to a local unit of government for the development of a boat launch Alpena County.
House adds new section.

Sec. 1204. Local Public Recreation Planning Grant – NEW

Requires the DNR to use funds appropriated in part 1 for a local public recreation planning grant to provide a grant to a local unit of government for planning costs at Grindstone harbor in Huron County.
House adds new section.

FY 2018-19: DEPARTMENT OF STATE POLICE
Summary: As Reported by House Subcommittee (HB 5561)
Article XVI, House Bill 5578 (H-1) Draft 1



Analyst: Kent Dell

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	<i>Difference: House From FY 2017-18 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$26,221,600	\$24,728,300	\$24,748,300			(\$1,473,300)	(5.6)
Federal	83,686,500	78,223,600	78,297,900			(5,388,600)	(6.4)
Local	5,835,200	5,146,800	5,146,800			(688,400)	(11.8)
Private	178,100	115,000	115,000			(63,100)	(35.4)
Restricted	143,423,700	148,698,200	149,103,700			5,680,000	4.0
GF/GP	439,601,700	454,902,800	455,302,800			15,701,100	3.6
Gross	\$698,946,800	\$711,814,700	\$712,714,500			\$13,767,700	2.0
FTEs	3,441.0	3,493.0	3,493.0			52.0	1.5

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority, responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security; in addition to the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
1. FY 2017-18 Trooper Recruit School – Administrative Annualization Costs	Gross	NA	\$3,511,200
	GF/GP	NA	\$3,511,200
<i>Executive</i> includes \$3.5 million GF/GP to support various department-wide expenses such as fleet leasing, equipment, and IT support costs related to the 150 new Troopers expected to graduate from the FY 2017-18 Trooper Recruit School, which is expected to begin in the summer of 2018. <i>House</i> concurs.			
2. FY 2017-18 Trooper Recruit School – Salary and Benefits Annualization	FTE	2,002.5	0.0
	Gross	\$295,480,300	\$16,755,900
	Federal	383,700	0
	Restricted	38,666,200	0
	GF/GP	\$256,430,400	\$16,755,900
<i>Executive</i> includes \$16.8 million GF/GP to support the full-year costs of salaries and benefits of the 150 new Troopers expected to graduate from the FY 2017-18 Trooper Recruit School, which is expected to begin in the summer of 2018. <i>House</i> concurs.			
3. Medical Marijuana Regulation – Annualization Costs	Gross	NA	\$2,924,200
	Restricted	NA	2,924,200
	GF/GP	NA	\$0
<i>Executive</i> includes \$2.9 million state restricted revenues from the Medical Marijuana Regulatory Fund to support the department-wide salary and benefits, fleet, and administrative costs of 51 medical marijuana regulation positions created in FY 2017-18. <i>House</i> concurs.			
4. Wage Increase – Lieutenants and Laboratory Managers	Gross	NA	\$935,600
	IDG/IDT	NA	8,000
	Federal	NA	33,400
	Restricted	NA	71,900
	GF/GP	NA	\$822,300
<i>Executive</i> includes \$935,600 Gross (\$822,300 GF/GP) to support wage increases for State Police Lieutenants and Laboratory Managers to improve recruitment and retention of personnel in these positions. Wage increases for these positions were recommended by the Office of the State Employer and finalized by the Civil Service Commission in December 2017. <i>House</i> concurs.			

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
5. Sexual Assault Evidence Kit Tracking and Reporting System	FTE	NA	1.0
<u>Executive</u> includes \$158,900 GF/GP and 1.0 FTE to annualize the department-wide development and implementation costs of the Sexual Assault Evidence Kit Tracking and Reporting System included in supplemental appropriations 2017 PA 158. <u>House</u> concurs.	Gross	NA	\$158,900
	GF/GP	NA	\$158,900
6. Medical Marihuana – MCOLES Administration	FTE	17.0	0.0
<u>Executive</u> includes \$2.5 million state restricted from the Medical Marihuana Regulatory Fund to support the Michigan Commission on Law Enforcement Standards administrative costs, and reduce reliance on Michigan Justice Training Fund revenues, pursuant to 2016 PA 302. <u>House</u> concurs.	Gross	\$9,889,100	\$2,500,000
	Federal	175,700	0
	Restricted	8,561,400	2,500,000
	GF/GP	\$1,152,000	\$0
7. Medical Marihuana – Standardized Field Sobriety Test	FTE	180.5	0.0
<u>Executive</u> includes \$900,000 state restricted from the Medical Marihuana Regulatory Fund to support State Police Investigative Services in the implementation and administration of a standardized field sobriety test to assess individuals for intoxication, in accordance with 2016 PA 281. <u>House</u> concurs.	Gross	\$33,824,800	\$900,000
	IDG/IDT	6,871,600	0
	Federal	6,291,600	0
	Local	2,079,400	0
	Restricted	10,853,500	900,000
	GF/GP	\$7,728,700	\$0
8. FY 2018-19 Trooper Recruit School (One-Time)	Gross	NA	\$3,993,100
<u>Executive</u> includes \$3.1 million GF/GP one-time funding to support the training costs of the FY 2018-19 Trooper Recruit School, which is expected to graduate 50 new Troopers and begin in January 2019. <u>House</u> includes \$4.0 million GF/GP one-time funding and shifts the Trooper Recruit School start date to June 2019. The later Trooper Recruit School start date results in increased one-time costs by shifting additional salary, benefits, and administrative costs to the recruit school, while resulting in overall reduced costs for FY 2018-19 by shifting some ongoing salary, benefits, and administrative costs of the 50 new Troopers to FY 2019-2020.	GF/GP	NA	\$3,993,100
9. FY 2018-19 Trooper Recruit School – Administrative Costs	Gross	\$40,942,200	\$0
<u>Executive</u> includes \$722,100 GF/GP to support the department-wide fleet leasing and other partial-year administrative costs of the FY 2018-19 Trooper Recruit School, which is expected to graduate 50 new Troopers and begin in January 2019. <u>House</u> includes a technical adjustment, which shifts all administrative costs to the Post Operations line item (see item #10).	IDG/IDT	211,800	0
	Federal	268,000	0
	Restricted	3,338,700	0
	GF/GP	\$37,123,700	\$0
10. FY 2018-19 Trooper Recruit School – Salaries, Benefits, and Administrative Costs	FTE	2,002.5	50.0
<u>Executive</u> includes \$3.1 million GF/GP to support the partial-year salaries and benefits of the 50 new Troopers expected to graduate from the FY 2018-19 Trooper Recruit School, which is expected to begin in January 2019. <u>House</u> includes \$1.5 million GF/GP and shifts the start date of the Trooper Recruit School to June 2019. The later Trooper Recruit School start date results in increased one-time costs by shifting additional salary, benefits, and administrative costs to the recruit school, while resulting in overall reduced costs for FY 2018-19 by shifting some ongoing salary, benefits, and administrative costs of the 50 new Troopers to FY 2019-2020.	Gross	\$295,480,300	\$1,536,900
	Federal	383,700	0
	Restricted	38,666,200	0
	GF/GP	\$256,430,400	\$1,536,900
11. FY 2018-19 Trooper Recruit School – Attrition School (One-Time)	Gross	NA	\$3,000,000
<u>Executive</u> includes \$3.0 million GF/GP one-time funding to support training and equipping 80 new Troopers that will replace personnel lost due to attrition. Ongoing salary, benefits, and administrative costs for the graduates will be supported by existing appropriations. <u>House</u> concurs.	GF/GP	NA	\$3,000,000
12. Cyber Crime Unit Expansion	FTE	184.0	5.0
<u>Executive</u> includes \$618,400 GF/GP and 5.0 FTEs to provide for administration, support, and the operations of the Michigan Cyber Command Center. <u>House</u> concurs.	Gross	\$24,804,000	\$618,400
	IDG/IDT	681,900	0
	Restricted	2,031,800	0
	GF/GP	\$22,090,300	\$618,400

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
13. Public Safety Officers Benefit Program	FTE	1.0	0.0
<u>Executive</u> includes \$150,000 GF/GP to support one-time \$25,000 payments to survivors of public safety officers killed or totally and permanently disabled in the line of duty. <u>House</u> concurs.	Gross	\$151,100	\$150,000
	GF/GP	\$151,100	\$150,000
14. Equipment Lifecycle Replacement	FTE	2,002.5	0.0
<u>Executive</u> includes \$1.3 million GF/GP to support the implementation of a six-year lifecycle replacement schedule for vehicle-mounted cameras. <u>House</u> concurs.	Gross	\$295,480,300	\$1,252,500
	Federal	383,700	0
	Restricted	38,666,200	0
	GF/GP	\$256,430,400	\$1,252,500
15. Sexual Assault Prevention and Education Initiative (One-Time)	Gross	NA	\$1,000,000
<u>Executive</u> includes \$600,000 GF/GP one-time funding to provide for grants to higher education institutions to support on-campus sexual assault prevention and education programs and projects. <u>House</u> includes \$1.0 million GF/GP one-time funding.	GF/GP	NA	\$1,000,000
16. Forensic Science – Equipment Maintenance, Lifecycle Replacement, and Investment in Emergent Technology	FTE	270.0	0.0
<u>House</u> includes \$740,000 GF/GP to support forensic science equipment maintenance and lifecycle replacement, as well as to allow for investment in new forensic testing equipment.	Gross	\$43,876,100	\$740,000
	Federal	4,192,400	0
	Restricted	10,177,100	0
	GF/GP	\$29,506,600	\$740,000
17. Michigan International Speedway Traffic Control (One-Time)	Gross	NA	\$400,000
<u>House</u> includes \$400,000 GF/GP one-time funding to provide matching funds in support of department traffic control operations at Michigan International Speedway events.	GF/GP	NA	\$400,000
18. Advanced 9-1-1 (One-Time)	Gross	NA	\$200,000
<u>House</u> includes \$200,000 GF/GP one-time funding to provide grants to local public safety answering points to support improved software, which allows the public to voluntarily provide additional health and safety information to first responders.	GF/GP	NA	\$200,000
19. Forensic Science – Overtime Reduction Cost Savings	FTE	270.0	0.0
<u>Executive</u> realizes costs savings of \$274,400 GF/GP resulting from a reduction in overtime costs due to new forensic scientists finishing training and increasing staffing levels. <u>House</u> concurs.	Gross	\$43,876,100	(\$274,400)
	Federal	4,192,400	0
	Restricted	10,177,100	0
	GF/GP	\$29,506,600	(\$274,400)
20. Impaired Driving Safety Commission Fund – Removal	Gross	\$250,000	(\$250,000)
<u>Executive</u> removes \$250,000 GF/GP and eliminates the funding for the Impaired Driving Safety Commission Fund. 2016 PA 350 includes a sunset provision, whereby the act is repealed upon the Impaired Driving Safety Commission's final report being issued or upon two years after the Act's effective date, which would occur on March 21, 2019. <u>House</u> concurs.	GF/GP	\$250,000	(\$250,000)
21. Civil Air Patrol – Removal	Gross	\$20,000	(\$20,000)
<u>Executive</u> removes \$20,000 GF/GP and eliminates support for the training and resource costs of the Civil Air Patrol. <u>House</u> concurs.	GF/GP	\$20,000	(\$20,000)
22. Emergency Management and Homeland Security – FTE Reduction	FTE	67.0	(3.0)
<u>Executive</u> removes \$392,400 and 3.0 FTEs from the Emergency Management and Homeland Security Division. This adjustment approximately halves the FY 2017-18 increase in order to reprioritize GF/GP funding elsewhere. <u>House</u> concurs.	Gross	\$16,021,800	(\$392,400)
	Federal	11,952,400	0
	GF/GP	\$4,069,400	(\$392,400)

<u>Major Budget Changes From FY 2017-18 YTD Appropriations</u>		<u>FY 2017-18 Year-to-Date (as of 2/7/18)</u>	<u>FY 2018-19 House Change</u>
23. Remove FY 2017-18 One-Time Appropriations	Gross	\$20,721,200	(\$20,721,200)
<u>Executive</u> removes the following FY 2017-18 one-time appropriations:	GF/GP	\$20,721,200	(\$20,721,200)
<ul style="list-style-type: none"> • FY 2017-18 Advanced 9-1-1 (\$2.2 million GF/GP) • Disaster and Emergency Contingence Fund deposit (\$5.0 million GF/GP) • Equipment Lifecycle Replacement (\$1.0 million GF/GP) • Fair and Impartial Policing Training Grants (\$980,000 GF/GP) • Forensic Science (\$730,000 GF/GP) • Law Enforcement Job Task Analysis (\$200,000 GF/GP) • FY 2017-18 Michigan International Speedway Traffic Control (\$725,000 GF/GP) • Sexual Assault Education and Prevention Initiative (\$600,000 GF/GP) • FY 2017-18 Trooper Recruit School (\$9.3 million GF/GP) 			
<u>House</u> concurs.			
24. Technical Adjustments	FTE	NA	(1.0)
<u>Executive</u> removes supplemental appropriations, and administrative transfers; aligns authorizations with expected revenues from IDG/IDT, federal, local, private, and state restricted sources; reclassifies 9-1-1 related revenue between IDG/IDT and state restricted sources; adjusts FY 2017-18 lump-sum payment removals; and provides for various internal transfers, including a net-zero consolidation of the commercial vehicle regulation and commercial vehicle enforcement programs into a single line item. <u>House</u> also includes department requested technical adjustments to account for changes included in 2018 PA 51 and Legislative Transfer Request 2018-3, but does not concur with the consolidation of the commercial vehicle regulation and commercial vehicle enforcement line items.	Gross	NA	(\$9,937,800)
	IDG/IDT	NA	(1,698,500)
	Federal	NA	(5,699,700)
	Local	NA	(716,000)
	Private	NA	(63,100)
	Restricted	NA	(1,601,600)
	GF/GP	NA	(\$158,900)
25. Economic Adjustments	Gross	NA	\$4,786,800
<u>Executive</u> reflects increased costs of \$4.8 million Gross (\$3.4 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	IDG/IDT	NA	217,200
	Federal	NA	277,700
	Local	NA	27,600
	Restricted	NA	885,500
	GF/GP	NA	\$3,378,800

Major Boilerplate Changes From FY 2017-18

Sec. 216. Disciplinary Action Against State Employees – RETAINED

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature. Executive deleted. House retains.

Sec. 220. Privatization Project Plans – RETAINED

Requires the department to develop a project plan and present it to the Legislature 90 days prior to beginning any effort to privatize any department services. Executive deleted. House retains.

Sec. 223. Training and Publication Fees – NEW

Allows the department to establish and collect fees to defray the printing and mailing costs for the distribution of publications, videos and related materials; and the costs of workshops and conferences. Forbids the department from collecting fees in excess of the costs of the activities provided in this section. Executive included. House concurs.

Sec. 402. Criminal Justice Information Center – RETAINED

Requires the department to maintain and ensure compliance with Criminal Justice Information Center databases and applications. Executive revised to remove the concealed weapon enforcement fund revenue reporting requirement. House retains.

Sec. 701. Special Operations – REVISED

Specifies the department's specialized service requirements. Executive revised to require the department to increase the Michigan Cyber Command Center's casework by 25% above the activity level observed in FY 2017-18. House concurs.

Sec. 704. Emergency Management and Homeland Security – RETAINED

Specifies the department's role in coordinating emergency preparation and response efforts. Executive revised to remove quarterly reporting requirement on the status of infrastructure vulnerabilities in the state. House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 901. Sexual Assault Prevention and Education Initiative – REVISED

Provides requirements for the one-time appropriation for grants to institutions of higher education to assist in preventing campus sexual assault through sexual assault education, awareness training, prevention, reporting, and bystander intervention programs. House revises to expand authorized uses of grant funds by institutions of higher education, to include supporting student-led peer advocacy groups that are dedicated to student outreach, survivor support, advocating for campus improvements such as additional lighting, as well as other methods of sexual assault prevention.

Sec. 902. Advanced 9-1-1 – RETAINED

Provides requirements for the one-time appropriation for grants to public safety answering points to implement supplemental databases, which allow public safety answering points to view voluntarily disclosed supplemental health and safety information when receiving emergency calls. Executive deleted. House retains.

Sec. 903. Michigan International Speedway Traffic Control – NEW

House includes requirements that the funds provided for Michigan International Speedway traffic control be used as matching funds to support the department for traffic control operations at Michigan International Speedway events, such as automobile races, music concerts, and any other event in which department traffic control services are requested. Michigan International Speedway would be required to provide the department with half of the overall costs of department-provided traffic control services prior to the department providing any services that utilize these appropriations. The department would not be required to provide traffic control services for Michigan International Speedway events, if remaining funds do not cover a minimum of half the costs of providing traffic control services for any event.

Sec. 1001. Anticipated Appropriations – RETAINED

Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year, with adjustments reflecting expected revenues as determined by the Consensus Revenue Estimating Conference. Executive deleted. House retains.

FY 2018-19: DEPARTMENT OF TRANSPORTATION
Summary: As Reported by House Subcommittee (HB 5572)
Article XVII, House Bill 5578 (H-1) Draft 1



Analyst: William E. Hamilton

IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Revised Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
	\$4,039,300	\$4,092,500	\$4,092,500			\$53,200	1.3
Federal	1,340,301,200	1,318,271,700	1,318,271,700			(22,029,500)	(1.6)
Local	50,532,000	50,532,000	50,532,000			0	0.0
Private	100,000	900,000	900,000			800,000	800.0
Restricted	2,954,470,500	3,156,293,700	3,169,293,700			214,823,200	7.3
GF/GP	0	0	0			0	--
Gross	\$4,349,443,000	\$4,530,089,900	\$4,543,089,900			\$193,646,900	4.5
FTEs	2,826.3	2,826.3	2,727.3			(99.0)	(3.5)

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. The Legislature subsequently passed PA 82 of 2018 (House Bill 4321) which appropriated \$175.0 million GF/GP. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, approximately two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with Public Act 51 of 1951 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies. Revenue from aviation fuel and registration taxes and from an earmark of the Airport Parking Tax is credited to the State Aeronautics Fund for aeronautics programs.

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18	FY 2018-19
		Year-to-Date (as of 2/7/18)	House Change
1. Reductions in STF-Funded FTE Positions	FTE	1,787.3	(97.0)
House reduces authorized STF-funded FTE positions by 97.0 and related funding by \$10.2 million in various department operating lines, as follows:	Gross	NA	(\$10,185,000)
Unclassified salaries: (2.0 FTEs, \$210,000 STF)	Restricted	NA	(10,185,000)
Finance, contracts, support services: (5.0 FTEs, \$525,000 STF)	GF/GP	NA	\$0
Transportation planning: (7.0 FTEs, \$735,000 STF)			
Design & engineering: (83.0 FTE positions, \$8.7 million STF)			

The House would redirect the \$10.2 million STF to the State trunkline road and bridge construction program (Item #2, below).

[The FTEs shown in the FY 2017-18 YTD column on the right are total FTEs authorized in the four operating line items.]

[In addition to the reduction in STF-funded positions, the House bill would also reduce FTEs in the Aeronautics services appropriation unit (Item #22 below).]

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
2. State Trunkline Road and Bridge Construction		
<u>Executive</u> budget reflects increases in anticipated federal and state restricted revenue sources, including: \$55.1 million increase in available STF revenue; \$1.1 million increase in Blue Water Bridge Fund revenue for Blue Water Bridge capital projects. The STF revenue increase reflects the anticipated increase in ongoing MTF revenue from motor fuel and vehicle registration taxes, as well as the STF share of \$150.0 million in Income Tax revenue that was earmarked to the MTF in the November 2015 Road Funding Package.	Gross	\$1,140,756,800
	Federal	783,367,300
	Local	30,003,500
	Restricted	327,386,000
	GF/GP	\$0
		\$91,617,700
		25,240,400
		0
		66,377,300
		\$0
<u>House</u> increases funding by \$10.2 million as compared to the Executive by redirecting STF revenue associated with the reduction in FTE positions described in Item #1 above.		
3. MTF to Local Road Agencies		
<u>House</u> concurs with <u>Executive</u> and reflects the estimated \$121.3 million increase in MTF distribution to county road commissions, and cities/villages. This increase reflects both an anticipated increase in ongoing MTF revenue from motor fuel and vehicle registration taxes, as well as the local road agency share of \$150.0 million in Income Tax revenue that was earmarked to the MTF in the November 2015 Road Funding Package.	Gross	\$1,372,100,700
	Restricted	1,372,100,700
	GF/GP	\$0
		\$121,331,100
		121,331,100
		\$0
4. GF/GP for Road Programs – One-Time		
<u>Executive</u> : The Governor’s proposed budget had recommended the one-time appropriation of \$175.0 million GF/GP in FY 2018-19 for distribution to the STF and local road agencies according to Act 51 formula. This would effectively accelerate by one year the increase in the Income Tax revenue earmark scheduled for FY 2019-20 in the November 2015 Road Funding Package.	Gross	\$0
	GF/GP	\$0
		\$0
<u>House</u> : Subsequent to the presentation of the Governor’s budget on February 7, 2018, the Legislature passed an FY 2017-18 supplemental appropriation bill, House Bill 4321, which appropriated \$175.0 million GF/GP for distribution to the STF and local road agencies. (See Supplemental section at the end of this Summary.) As a result, the House bill does not include the \$175.0 million GF/GP in FY 2018-19 since this was already included for FY 2017-18.		
5. Debt Service		
<u>House</u> concurs with <u>Executive</u> and includes \$219.9 million for debt service, a reduction of \$9.5 million from current year, reflecting anticipated debt service schedules. [Total outstanding transportation-related debt at September 30, 2017 was \$1.4 billion.]	Gross	\$228,939,400
	Federal	37,783,300
	Restricted	191,156,100
	GF/GP	\$0
		(\$9,502,300)
		(1,919,900)
		(7,582,400)
		\$0
6. Support Services by Other State Departments		
<u>House</u> concurs with <u>Executive</u> and provides \$48.4 million for Interdepartmental grants (IDGs) that authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Specific IDGs include \$20.0 million MTF for Department of State vehicle registration tax collection program, \$2.7 million MTF for Department of Treasury motor fuel tax collection program, and \$11.8 million STF for Michigan State Police Commercial Vehicle Enforcement program and Criminal Justice Information Center. The net increase across all IDG line items reflects economic increases and cost allocation adjustments.	Gross	\$47,428,400
	Restricted	47,428,400
	GF/GP	\$0
		\$966,200
		966,200
		\$0
7. Asset Management Council		
<u>House</u> concurs with <u>Executive</u> and provides \$1.9 million MTF for ongoing costs of Asset Management Council – primarily pavement condition data collection and analysis, as well as training and education. Budget eliminates \$2.0 million that was added to current year through supplemental appropriation (Public Act 201 of 2017) for inspection and inventory of culverts on the local road system.	Gross	\$3,876,400
	Restricted	3,876,400
	GF/GP	\$0
		(\$2,000,000)
		(2,000,000)
		\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change	
8. Information Technology		Gross	\$33,465,900	\$2,000,000
<u>House</u> concurs with <u>Executive</u> and increases STF support by \$2.0 million to provide for workstation replacement and application modernization.	Federal	520,500	0	
	Restricted	32,945,400	2,000,000	
	GF/GP	\$0	\$0	
9. Transportation Planning		Gross	\$36,245,200	\$2,750,000
<u>House</u> concurs with <u>Executive</u> and provides \$2.7 million increases in federal authorization reflects anticipated increase in funding for Statewide Planning and Research program. [This change is exclusive of the reduction in FTE positions and STF funding described in Item #1, above.]	Federal	19,250,000	0	
	Restricted	16,995,200	2,750,000	
	GF/GP	\$0	\$0	
10. Design and Engineering Services		Gross	\$161,253,100	\$2,000,000
<u>House</u> concurs with <u>Executive</u> and includes \$2.0 million STF increase as part of \$10.0 million program of priority maintenance of critical state trunkline bridges. An additional \$8.0 million is included State trunkline maintenance.	Federal	23,529,800	0	
	Restricted	137,723,300	2,000,000	
	GF/GP	\$0	\$0	
[This change is exclusive of the reduction in FTE positions and STF funding described in Item #1, above.]				
11. State Trunkline Maintenance		FTE	793.7	0.0
<u>House</u> concurs with <u>Executive</u> and provides \$20.3 million increase in STF support for following specific program areas: Priority maintenance of critical state trunkline bridges program, \$8.0 million; Priority maintenance of culverts, including rehabilitation or replacement, \$8.0 million; \$4.3 million to offset increased maintenance material costs and added state trunkline mileage.	Gross	\$317,593,400	\$20,337,600	
	Restricted	317,593,400	20,337,600	
	GF/GP	\$0	\$0	
12. Local Agency Wetland Mitigation Fund Program		Gross	\$2,000,000	(\$1,500,000)
<u>Executive</u> includes \$2.0 million MTF for this Act 51 earmark.	Restricted	2,000,000	(1,500,000)	
<u>House</u> : Reduces funding to \$500,000 MTF; shifts to new <i>Local grant program</i> line item in TEDF, Item #13b below.	GF/GP	\$0	\$0	
13a. Transportation Economic Development Fund (TEDF)		Gross	\$42,119,100	\$1,229,900
<u>Executive</u> recommends permanent redirection of \$13.0 million of certain drivers' license fee revenue from the TEDF, Target Industries, to the state General Fund. (Requires statutory change.) Also reflects increase in anticipated interest on fund balance.	Restricted	42,119,100	1,229,900	
<u>House</u> retains \$13.0 million in TEDF, Category A.	GF/GP	\$0	\$0	
13b. TEDF/Local Grant Program		Gross	\$0	\$1,500,000
<u>House</u> also includes a new line item, <i>Local grant program</i> , funded at \$1.5 million MTF, shifted from <i>Local agency wetland mitigation fund</i> .	Restricted	0	1,500,000	
	GF/GP	\$0	\$0	
14. Local Bus Transit		Gross	\$216,277,900	\$6,000,000
<u>Executive</u> : Provides \$189.2 million CTF, an increase of \$1.0 million from current year, for local bus operating formula distribution to 81 local public transit agencies. Also recognizes \$2.0 million anticipated increase in federal transit grants to non-urban transit agencies.	Federal	26,027,900	2,000,000	
	Local	2,000,000	0	
	Restricted	188,250,000	4,000,000	
	GF/GP	\$0	\$0	
<u>House</u> : Includes an increase of \$4.0 million CTF, \$3.0 million more than the Executive, as well as recognition of increased federal spending authority.				
15. Transit Capital		Gross	\$59,403,500	\$7,209,100
<u>House</u> concurs with <u>Executive</u> and increases CTF support by \$7.2 million for program that provides matching funds on behalf of local transit agencies to access federal transit capital grants.	Federal	15,300,000	0	
	Local	1,250,000	0	
	Restricted	42,853,500	7,209,100	
	GF/GP	\$0	\$0	
16. Service Initiatives		Gross	\$3,389,200	\$1,200,000
<u>House</u> concurs with <u>Executive</u> and increases CTF support by \$1.2 million for program that funds transit-related research, training and development, and demonstration projects.	Federal	1,650,000	0	
	Local	325,000	0	
	Restricted	1,414,200	1,200,000	
	GF/GP	\$0	\$0	

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
17. Transportation to Work		Gross	\$3,700,000
<u>House</u> concurs with <u>Executive</u> and increases in CTF funding in support of Blue Water Transportation Commission's Job Access/Reverse Commute program.	Restricted	3,700,000	175,000
	GF/GP	\$0	\$0
18. Detroit Wayne County Port Authority		Gross	\$200,000
<u>Executive</u> had included \$468,200 CTF, a \$268,200 increase as compared to current year.	Restricted	200,000	0
	GF/GP	\$0	\$0
<u>House</u> provides same funding as current year, \$200,000 CTF; shifts \$168,200 to <i>Rail operations and infrastructure</i> , \$100,000 to <i>Marine passenger</i> .			
19a. Rail Operations and Infrastructure/Rail Freight Economic Dev.		Gross	\$115,991,500
<u>Executive</u> : Included \$7.5 million CTF increase for program that includes capital and operating support for rail passenger service in Michigan. Also reduces federal funds by \$50.1 million from the current year to better align with anticipated federal grants. The Governor had proposed rolling two current lines, <i>Rail operations and infrastructure</i> , and <i>Rail freight economic development</i> , into a single line.	Federal	60,100,000	(50,100,000)
	Local	100,000	0
	Private	100,000	0
	Restricted	55,691,500	4,716,500
	GF/GP	\$0	\$0
<u>House</u> : Keeps two lines unrolled; includes \$4.5 million CTF baseline increase - \$3.0 million less than the Executive – plus \$168,200 directed from the Detroit Wayne County Port Authority line.			
19b. Rail Freight Economic Development		Gross	\$8,768,200
<u>House</u> retains <i>Rail freight economic development</i> line item at current year funding level: \$6.0 million from the Rail Freight Fund and \$2.5 million CTF.	Restricted	8,768,200	0
	GF/GP	\$0	\$0
20. Intercity Services		Gross	\$8,060,000
<u>House</u> concurs with <u>Executive</u> and recognizes anticipated private funds made available for program that supports intercity bus service in Michigan. Reduces CTF support by \$1.5 million.	Federal	4,500,000	0
	Local	160,000	0
	Private	0	800,000
	Restricted	3,400,000	(1,500,000)
	GF/GP	\$0	\$0
21. Marine Passenger		Gross	\$400,000
<u>Executive</u> : Same as current year funding, \$400,000 CTF.	Restricted	400,000	100,000
<u>House</u> recommends \$500,000 CTF, \$100,000 more than the Executive; shifts funds from Detroit Wayne County Port Authority line.	GF/GP	\$0	\$0
22. Aviation Services		FTE	48.0
<u>Executive</u> budget recognized minor revenue adjustment of \$1,300.		Gross	\$7,596,100
<u>House</u> unrolls into two lines: <i>Aviation services</i> , \$5.6 million with 36.0 FTE positions; and <i>Airfleet operations and maintenance</i> , \$1.8 million and 10.0 FTEs – a net decrease of \$300,000 in State Aeronautics Fund support and 2.0 FTE positions. The House bill would shift the \$300,000 to the Airport Improvement Program line item, below.	Restricted	7,596,100	(300,000)
	GF/GP	\$0	\$0
23. Airport Improvement Program		Gross	\$93,943,000
<u>Executive</u> increases State Aeronautics Fund support by \$570,200.	Federal	79,000,000	0
<u>House</u> increases by \$870,000, using \$300,000 shifted from Aeronautics services appropriation unit.	Local	12,508,500	0
	Restricted	2,434,500	870,200
	GF/GP	\$0	\$0
24. Detroit Metropolitan Wayne County Airport		Gross	\$6,500,000
<u>House</u> concurs with <u>Executive</u> and reduces Qualified Airport Fund support for Detroit Metro Airport by almost \$1.0 million to reflect revenue estimates. The Qualified Airport Fund was established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015).	Restricted	6,500,000	(975,000)
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2017-18 YTD Appropriations</u>	<u>FY 2017-18 Year-to-Date (as of 2/7/18)</u>	<u>FY 2018-19 House Change</u>	
25. Economic Adjustments	Gross	NA	\$5,926,400
<u>House</u> concurs with <u>Executive</u> and recognizes increased costs of \$5.9 million	IDG	NA	53,200
Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% ongoing),	Federal	NA	936,000
actuarially required retirement contributions, worker's compensation, building	Restricted	NA	4,937,200
occupancy charges, and other economic adjustments.	GF/GP	NA	\$0

Major Boilerplate Changes From FY 2017-18

Sec. 215. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. Executive had deleted; the House retains.

Sec. 217. Report on Proposed Federal Rule Changes – RETAINED

Requires the department to notify the Legislature on proposed federal rule changes that would impact state law. Executive had deleted; the House retains.

Sec. 270. Remanufactured Parts – RETAINED

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet. Executive had deleted; the House retains.

Sec. 305. Lease of Space in Public Transportation Property – RETAINED

Authorizes rental of department-owned public transportation properties at competitive market rates; requires that revenue from tenants be placed in an account to maintain/improve property. Executive had deleted; the House retains.

Sec. 319. Rest Area Maintenance – RETAINED

Requires signs/telephone numbers for reporting unclean and unsafe conditions at rest areas. Executive had deleted; the House retains.

Sec. 353. Prompt Payment – RETAINED

Directs department to review contractor payment process; references Special Provision 109.10. Executive had deleted; the House retains.

Sec. 357. Local Federal Aid Project Review – RETAINED

Directs MDOT to complete project reviews within 120 days; requires system for monitoring review process. Executive had deleted; the House retains.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – RETAINED

Prohibits MDOT from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations. Executive had deleted; the House retains.

Sec. 376. Prohibition on Studies of Highway Signs and Motorist Behavior – RETAINED

Prohibits the department from studying the association between highway signs and motorist behavior. Executive had deleted; the House retains.

Sec. 381. E-Verify for Legal Status of Contractor/Subcontractor New Employees – RETAINED

Requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Provides reporting requirement. Executive had deleted; the House retains.

Sec. 382. Finalize Local Agency Cost Sharing Agreements – RETAINED

Requires the department to submit final bill to the local agency within two years of final payment to construction contractor. Executive had deleted; the House retains.

Sec. 386. Toll Credits – NEW

House includes new section which directs department to use toll credits as a method in financing federal-aid highway projects; established priority in using toll credits; requires report on toll credits earned and year-end balance.

Sec. 387. Traffic Studies – NEW

House includes new section which requires the department to post results of traffic studies on department website.

Sec. 388. Review and Report on Performance Audit Standards – NEW

House includes new section which directs department to review and report on costs and benefits of performance audits of local road agencies required under Public Act 298 of 2012.

Major Boilerplate Changes From FY 2017-18

Sec. 389. Long-Term Obligations – NEW

House includes new section which requires the department to notify Legislature within 30 days of entering into long-term agreements that obligate future payments.

Sec. 390. Report on Restricted Funds and Accounts – NEW

House includes new section which requires the department to report on statutory authority for, revenue source and distribution, and ending balances of restricted funds and accounts.

Sec. 391. Prohibition on Motor Fuel Quality Testing – NEW

House includes new section which prohibits the department from performing or assisting any other state agency in performing, motor fuel quality testing.

Sec. 393. Best Practices for Public Transportation – RETAINED

Directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost. Executive had deleted; the House retains.

Sec. 394. Priority of Preservation – RETAINED

Directs the department and local road agencies to make preservation of the existing infrastructure a funding priority. Executive had deleted; the House retains.

Sec. 396. Assurance that Contractors Have Ability to Perform Work – RETAINED

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work. Executive had deleted; the House retains.

Sec. 397. Report on Work Project Balances and Federal Earmarks – RETAINED

Requires the department to report on work project balances and unexpended federal earmarks. Executive had deleted; the House retains.

Sec. 403. Priority of Federal Transit Grants – RETAINED

Establishes priority for federal Section 5310 transit grants. Executive had deleted; the House retains.

Sec. 606. Project on I-94/between M60 and Sargent Road in Jackson County – DELETED

Expresses Legislative intent with respect to project. House concurs with Executive and deletes.

Sec. 610. Dead Deer – RETAINED

Describes legislative intent regarding priority of cleanup of dead deer and other large animal remains. Executive had deleted; the House retains.

Sec. 612. Incentive/Disincentive – RETAINED

Requires department to establish guidelines for use of incentive/disincentive contracts; establishes a reporting requirement; report due January 1st of each year. Executive had deleted; the House retains.

Sec. 613. Report on Engineering Costs – MODIFIED

Requires report on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs. Executive had deleted; the House retains and adds “design life” as report element.

Sec. 660. Use of Alternative Materials – RETAINED

Encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires. Executive had deleted; the House retains.

Sec. 703. Rail Abandonment Notice – RETAINED

Requires notification of Legislature when railroad companies file for abandonment of lines. Executive had deleted; the House retains.

Sec. 704. Rail Operations and Infrastructure Report – RETAINED

Requires report on anticipated expenditures from the rail operations and infrastructure line item. Executive had deleted; the House retains.

Sec. 750. Rail Economic Development – RETAINED

Directs department to spend not less than \$2.5 million CTF from Rail freight economic development line for rail freight economic development. Executive had deleted; the House retains.

Sec. 802. MDOT-Owned Airports – RETAINED

Legislature encourages the department to find private entities or local public agencies to assume ownership and operating responsibility for department-owned airports. Executive had deleted; the House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 803. MDOT-Owned Airplanes – MODIFIED

Requires the department to request proposals for management of the state airfleet; also requires the department to sell one of two state-owned planes.

Executive had deleted; the House retains subsections requiring the department to seek RFP for 3rd party management of the state airfleet.

Sec. 804. Airfleet Operations and Maintenance – Contingent Appropriation – NEW

House prohibits the department from spending funds appropriated for airfleet operations and maintenance if the department owns 5 or more aircraft; requires the department to notify when it owns four aircraft or fewer.