

**Summary: Executive Budget Recommendation  
for Fiscal Year 2019-20  
TOTAL GENERAL GOVERNMENT**



**Analysts: Ben Gielczyk and Michael Crossen**

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
<b>IDG/IDT</b>	\$821,066,200	\$1,024,424,300	\$203,358,100	24.8
<b>Federal</b>	809,077,500	808,347,300	(730,200)	(0.1)
<b>Local</b>	15,977,300	16,037,000	59,700	0.4
<b>Private</b>	6,247,400	6,255,700	8,300	0.1
<b>Restricted</b>	2,291,018,900	2,335,286,400	44,267,500	1.9
<b>GF/GP</b>	1,328,051,400	1,133,265,500	(194,785,900)	(14.7)
<b>Gross</b>	<b>\$5,271,438,700</b>	<b>\$5,323,616,200</b>	<b>\$52,177,500</b>	<b>1.0</b>
<b>FTEs</b>	8,784.7	8,819.7	35.0	0.4

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

**Overview**

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service), and 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.**

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

**Major Boilerplate Changes From FY 2018-19**

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

Includes a countercyclical budget and economic stabilization fund deposit totaling \$150.0 million and 25% of total GF/GP lapses for FY 2018-19.

**Sec. 216. Receipt and Retention of Required Reports – DELETED**

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

**Sec. 217. Fund Sourcing Priorities – DELETED**

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

**Sec. 218. Disciplinary Action Against State Employees – DELETED**

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

**Sec. 221. Reporting Requirement on Policy Changes – DELETED**

Requires departments to report on policy changes made in order to implement enacted legislation.

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

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

**Sec. 235. Federal Funding Contingency Plan – DELETED**

Requires the state budget director, in consultation with the appropriate department, to recommend a contingency plan for the federal funding reduction; requires a report.

**Major Boilerplate Changes From FY 2018-19**

***Sec. 240. New Program Metrics – REVISED***

Requires the State Budget Office to provide a list of new programs and program enhancements that exceed \$500,000; requires identified programs to use program-specific measuring metrics in addition to the metrics required under Section 447 of the Management and Budget Act; requires the State Budget Office to provide a report on the metrics and performance progress of identified programs; expresses intent that future program funding increases one to be based on prior performance. Revises 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.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2019-20  
ATTORNEY GENERAL**



**Analyst: Michael Cossen**

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
<b>IDG/IDT</b>	\$30,386,400	\$34,908,000	\$4,521,600	14.9
<b>Federal</b>	10,007,300	9,713,700	(293,600)	(2.9)
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	22,427,200	20,159,800	(2,267,400)	(10.1)
<b>GF/GP</b>	41,206,800	41,736,300	529,500	1.3
<b>Gross</b>	<b>\$104,027,700</b>	<b>\$106,517,800</b>	<b>\$2,490,100</b>	<b>2.4</b>
<b>FTEs</b>	537.0	545.0	8.0	1.5

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

**Overview**

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

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>	<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>1. Child Abuse and Neglect Cases in Wayne County</b>	FTE NA	2.0
Authorizes \$340,000 in IDG funding from the Department of Health and Human Services and 2.0 FTE positions to support two additional Assistant Attorneys General to represent child abuse and neglect cases in Wayne County for two new judicial dockets added in the Third Circuit Family Court.	<b>Gross \$6,069,800</b>	<b>\$340,000</b>
	IDG 6,069,800	340,000
	GF/GP \$0	\$0
<b>2. Legal Services for Marihuana Regulation</b>	<b>Gross \$507,200</b>	<b>\$935,400</b>
Authorizes \$1.4 million in IDG funding from the Department of Licensing and Regulatory Affairs and a fund source transfer of state restricted to IDG funding for a net increase of \$935,400 Gross to provide legal services to the new Bureau of Marihuana Regulation. Services would be provided for enforcement of regulations of medical marihuana facilities licensing, sales, and recreational marihuana use.	IDG 0	1,442,600
	Restricted 507,200	(507,200)
	GF/GP \$0	\$0
<b>3. Legal Services</b>	FTE NA	4.0
Authorizes \$670,000 in IDG funding from the Department of Technology, Management, and Budget and 4.0 FTE positions for three additional attorneys and one support member to provide legal services to the department, primarily for review of IT-related contracts.	<b>Gross \$474,300</b>	<b>\$670,000</b>
	IDG 474,300	670,000
	GF/GP \$0	\$0
<b>4. MSHDA Legal Services</b>	FTE NA	2.0
Authorizes \$335,500 in IDG funding from the Michigan State Housing Development Authority (MSHDA) and 2.0 FTE positions to support additional attorneys providing legal services for MSHDA.	<b>Gross \$695,000</b>	<b>\$335,500</b>
	IDG 695,000	335,500
	GF/GP \$0	\$0

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>	<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>5. Removal of Current Year One-Time Funding</b>	<b>Gross</b>	<b>\$1,178,800</b>
Eliminates \$1.2 million Gross (\$100,000 GF/GP) of one-time funding: \$378,800 in federal funding for PACC's NextGen case management IT system upgrade, \$700,000 in state restricted funding for juvenile life without parole resentencing cases, and \$100,000 GF/GP for forensic interviewing training.	Federal	(378,800)
	Restricted	(700,000)
	GF/GP	(\$100,000)
<b>6. Alignment of Fund Sources with Operations</b>	<b>Gross</b>	<b>NA</b>
Replaces \$1.3 million in state restricted funding with corresponding amount of IDG funding as part of the department's effort to adjust fund sources to better reflect the department's service levels to other state departments and agencies.	IDG	1,284,300
	Restricted	(1,284,300)
	GF/GP	\$0
<b>7. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
Reflects increased costs of \$1.4 million Gross (\$629,500 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	\$1,388,000
	Federal	449,200
	Restricted	85,200
	GF/GP	224,100
		\$629,500

**Major Boilerplate Changes From FY 2018-19**

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

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

**Sec. 316a. Address Confidentiality Program – DELETED**

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

**Sec. 318. PACC Forensic Interviewing Training – DELETED**

Requires \$100,000 of funding appropriated for PACC to be expended for additional training in forensic interviewing technique.

<b>Supplemental Recommendations for FY 2018-19 Appropriations</b>	<b>FY 2018-19 Recommendation</b>
<b>1. Catholic Church Investigation</b>	<b>Gross</b> 6.0
Authorizes \$2.0 million in state restricted funding from the Lawsuit Settlement Proceeds Fund and 6.0 FTE positions to support investigation of alleged sexual assault and abuse of children within the Michigan Catholic Dioceses.	Restricted <b>\$2,000,000</b>
	GF/GP 2,000,000
	\$0
<b>2. DEQ PFAS related Legal Services</b>	FTE 3.0
Authorizes \$700,000 in IDG funding from the Department of Environmental Quality for investigation and enforcement related to the state's initiative regarding environmental contaminants including perfluoroalkyl and polyfluoroalkyl substances (PFAS). Funding would support, 2.0 attorneys, 1.0 paralegal, and contractual services to provide investigative skill, and technical knowledge of environmental regulations.	<b>Gross</b> <b>\$700,000</b>
	IDG 700,000
	GF/GP \$0
<b>3. Legal Services Increase</b>	FTE 8.0
Authorizes \$672,500 in IDG funding and 8.0 FTE positions for increased legal services provided to departments. DHHS would be authorized \$170,000 and 2.0 FTE positions to represent child abuse cases in Wayne County; DTMB would be authorized \$335,000 and 4.0 FTE positions for various legal support services, but largely for the review of IT-related contracts; and MSHDA would be authorized \$167,500 and 2.0 FTE positions for additional legal staffing.	<b>Gross</b> <b>\$672,500</b>
	IDG 672,500
	GF/GP \$0

**Summary: Executive Budget Recommendation  
for Fiscal Year 2019-20  
DEPARTMENT OF CIVIL RIGHTS**



**Analyst: Michael Crossen**

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$299,100	\$298,500	(\$600)	(0.2)
Federal	2,802,700	2,816,900	14,200	0.5
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	58,500	58,500	0	0.0
GF/GP	13,022,100	13,195,700	173,600	1.3
<b>Gross</b>	<b>\$16,201,100</b>	<b>\$16,388,300</b>	<b>\$187,200</b>	<b>1.2</b>
FTEs	116.0	116.0	0.0	0.0

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

**Overview**

The 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.

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>	<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>1. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
Reflects increased costs of \$187,200 Gross (\$173,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA
	Federal	NA
	GF/GP	NA
		<b>\$187,200</b>
		(600)
		14,200
		\$173,600

**Major Boilerplate Changes From FY 2018-19**

There are no major boilerplate changes recommended in FY 2019-20.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2019-20  
EXECUTIVE OFFICE**



**Analyst: Ben Gielczyk**

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	6,980,100	7,114,300	134,200	1.9
<b>Gross</b>	<b>\$6,980,100</b>	<b>\$7,114,300</b>	<b>\$134,200</b>	<b>1.9</b>
FTEs	89.2	89.2	0.0	0.0

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

**Overview**

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

<b><u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u></b>		<b><u>FY 2018-19 YTD (as of 3/5/19)</u></b>	<b><u>Executive Change from YTD</u></b>
<b>1. Operational Adjustments</b>	<b>Gross</b>	<b>\$6,980,100</b>	<b>\$134,200</b>
Reflects increased costs of \$134,200 GF/GP related to Executive Office staff and other operations.	GF/GP	\$6,980,100	\$134,200

**Major Boilerplate Changes From FY 2018-19**

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

**Summary: Executive Budget Recommendation  
for Fiscal Year 2019-20  
LEGISLATURE**



Analyst: Ben Gielczyk

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	4,394,300	4,394,300	0	0.0
GF/GP	181,718,200	162,968,200	(18,750,000)	(10.3)
<b>Gross</b>	<b>\$186,512,500</b>	<b>\$167,762,500</b>	<b>(\$18,750,000)</b>	<b>(10.1)</b>

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

**Overview**

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

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>		<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>1. Senate Parking Facility</b>	<b>Gross</b>	<b>\$18,000,000</b>	<b>(\$18,000,000)</b>
Removes \$18.0 million GF/GP considered one-time appropriations in FY 2018-19 for costs associated with purchasing the parking ramp adjacent to the Binsfeld Senate Office Building from the City of Lansing.	GF/GP	\$18,000,000	(\$18,000,000)
<b>2. Legislative Information Technology Systems Design Project</b>	<b>Gross</b>	<b>\$750,000</b>	<b>(\$750,000)</b>
Removes \$750,000 GF/GP considered one-time appropriations in FY 2018-19 for implementation and operational costs associated with the Legislative IT System Design Project.	GF/GP	\$750,000	(\$750,000)

**Major Boilerplate Changes From FY 2018-19**

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

**Summary: Executive Budget Recommendation  
for Fiscal Year 2019-20  
LEGISLATIVE AUDITOR GENERAL**



**Analyst: Ben Gielczyk**

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
<b>IDG/IDT</b>	\$5,823,400	\$5,823,400	\$0	0.0
<b>Federal</b>	0	0	0	--
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	2,008,800	2,008,800	0	0.0
<b>GF/GP</b>	17,105,800	17,105,800	0	0.0
<b>Gross</b>	<b>\$24,938,000</b>	<b>\$24,938,000</b>	<b>\$0</b>	<b>0.0</b>

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

**Overview**

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

<b><u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u></b>	<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
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There were no adjustments to the Legislative Auditor General appropriations for FY 2019-20.

**Major Boilerplate Changes From FY 2018-19**

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



**Summary: Executive Budget Recommendation  
for Fiscal Year 2019-20  
DEPARTMENT OF STATE**



**Analyst: Michael Cossen**

	FY 2018-19	FY 2019-20	Difference: FY 2019-20	
	Year-to-Date as of 3/5/19	Executive	Amount	%
<b>IDG/IDT</b>	\$20,000,000	\$20,000,000	\$0	0.0
<b>Federal</b>	1,460,000	1,460,000	0	0.0
<b>Local</b>	0	0	0	--
<b>Private</b>	50,100	50,100	0	0.0
<b>Restricted</b>	207,086,400	210,732,000	3,645,600	1.8
<b>GF/GP</b>	18,466,300	22,967,500	4,501,200	24.4
<b>Gross</b>	<b>\$247,062,800</b>	<b>\$255,209,600</b>	<b>\$8,146,800</b>	<b>3.3</b>
<b>FTEs</b>	1,592.0	1,592.0	0.0	0.0

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

**Overview**

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

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>		<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>1. Proposal 2 Redistricting Commission</b>	<b>Gross</b>	<b>\$0</b>	<b>\$4,616,600</b>
Includes \$4.6 million GF/GP to implement the redistricting commission as approved by voters in Ballot Proposal 2 of 2018. Funding amount is set by the Constitution at 25% of the department's total GF/GP appropriation. Funding would support the Independent Redistricting Commission, including compensation for members and its operations and activities	GF/GP	\$0	\$4,616,600
<b>2. Elections Compliance Core Systems Contract Increase</b>	<b>Gross</b>	<b>\$7,506,900</b>	<b>\$200,000</b>
Includes \$200,000 GF/GP to cover increased contract costs of providing maintenance and support of the election system that covers the compliance core applications of the Bureau of Elections.	Restricted	443,500	0
	GF/GP	\$7,063,400	\$200,000
<b>3. Look Twice – Save a Life Motorcycle Safety Program</b>	<b>Gross</b>	<b>\$400,000</b>	<b>(\$100,000)</b>
Authorizes \$300,000 of state restricted funding from the Motorcycle Safety and Education Awareness Fund to be used to develop and maintain the "Look Twice - Save a Life" program that promotes motorcycle awareness, safety, and education.	Restricted	400,000	(100,000)
	GF/GP	\$0	\$0
<b>4. Branch Office Services Rate Increases</b>	<b>Gross</b>	<b>\$89,279,000</b>	<b>\$830,000</b>
Authorizes \$830,000 of state restricted funding to support contract rate increases for services at Secretary of State branch offices, of which \$500,000 would be used for janitorial, security guard, and telecommunications services and \$330,000 for maintenance.	IDG	20,000,000	0
	Restricted	66,534,000	830,000
	GF/GP	\$2,745,000	\$0

<b><u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u></b>		<b><u>FY 2018-19 YTD (as of 3/5/19)</u></b>	<b><u>Executive Change from YTD</u></b>
<b>5. Fund Shift GF Reduction</b>		<b>Gross</b>	<b>NA</b>
Replaces \$738,700 GF/GP with a corresponding amount of state restricted funding from the Transportation Administration Collection Fund (TACF) for a net change of \$0 Gross.		Restricted	NA
		GF/GP	NA
			738,700
			(\$738,700)
<b>6. FTE Transfer and Fund Source Alignment with Operations</b>		FTE	NA
Transfers 11.0 FTE positions from Central Operations to Legal Services based on organizational changes, and shifts state restricted funding from decreasing driver fee revenue to the Enhanced Driver License and Enhanced Official State Personal ID Card Fund and TACF for a net change of \$0 Gross.		<b>Gross</b>	<b>NA</b>
		Restricted	NA
		GF/GP	NA
			0.0
			\$0
			0
			\$0
<b>7. Economic Adjustments</b>		<b>Gross</b>	<b>NA</b>
Reflects increased costs of \$2.6 million Gross (\$423,300 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.		Restricted	NA
		GF/GP	NA
			\$2,600,200
			2,176,900
			\$423,300

**Major Boilerplate Changes From FY 2018-19**

**Sec. 718. Buena Vista Township Branch Office – DELETED**

Requires the department to maintain a full-service Secretary of State branch office in Buena Vista Township.

**Sec. 720. Post-Election Audits – DELETED**

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

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

		<b><u>FY 2018-19 Recommendation</u></b>
<b>1. Implementation of 2018 Ballot Proposals 2 and 3 Election Initiatives</b>		<b>Gross</b>
Includes \$5.0 million GF/GP to establish the Independent Citizens Redistricting Commission, as required by Ballot Proposal 2, and to support education, training, and absentee voter equipment to implement the voting rights provisions as required by Ballot Proposal 3. Funds would be available from a corresponding work project lapse directive from the state budget director that would lapse the \$5.0 million appropriated in 2015 PA 268 for the elimination of straight-ticket voting.		GF/GP
		\$5,000,000
		\$5,000,000

**Summary: Executive Budget Recommendation  
for Fiscal Year 2019-20  
DEPARTMENT OF TECHNOLOGY, MANAGEMENT, BUDGET**



**Analyst: Michael Cossen**

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
<b>IDG/IDT</b>	\$751,777,000	\$950,488,800	\$198,711,800	26.4
<b>Federal</b>	5,033,700	4,968,400	(65,300)	(1.3)
<b>Local</b>	2,341,600	2,321,200	(20,400)	(0.9)
<b>Private</b>	129,400	131,100	1,700	1.3
<b>Restricted</b>	122,117,400	117,916,800	(4,200,600)	(3.4)
<b>GF/GP</b>	552,044,500	504,442,600	(47,601,900)	(8.6)
<b>Gross</b>	<b>\$1,433,443,600</b>	<b>\$1,580,268,900</b>	<b>\$146,825,300</b>	<b>10.2</b>
<b>FTEs</b>	3,122.0	3,141.0	19.0	0.6

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

**Overview**

The Department of 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.

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>		<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>1. Michigan Public Safety Communications System (MPSCS) Upgrades and Maintenance</b>	FTE	127.0	10.0
	<b>Gross</b>	<b>\$40,464,100</b>	<b>\$14,093,700</b>
	Local	2,248,000	0
	GF/GP	\$38,216,100	\$14,093,700
Includes \$14.1 million GF/GP (\$8.2 million ongoing, \$5.9 million one-time) and authorization for 10.0 FTE positions for software upgrades, additional technical staff, increased coverage, and radio tower site maintenance for the MPSCS interoperable communications network used by state, federal, local, private, and tribal security officers and first responders across the state.			
<b>2. Enterprisewide Maintenance of State Facilities</b>	<b>Gross</b>	<b>\$31,000,000</b>	<b>\$5,000,000</b>
	GF/GP	\$31,000,000	\$5,000,000
Includes \$5.0 million GF/GP in one-time funding for various general maintenance and demolition projects of state-owned facilities across the state. The executive recommended budget also maintains a \$5.0 million GF/GP increase in FY 2018-19 from 2018 PA 618			
<b>3. Legal Services Increase</b>	<b>Gross</b>	<b>NA</b>	<b>\$670,000</b>
	Restricted	NA	670,000
	GF/GP	NA	\$0
Authorizes \$670,000 in state restricted funding for three additional attorneys and one support member from the Department of Attorney General to provide various legal support services to the department, primarily for reviewing IT-related contracts.			

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>		<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>4. Microsoft License Agreement</b>	<b>Gross</b>	<b>\$27,777,200</b>	<b>\$5,000,000</b>
Includes \$5.0 million GF/GP to support a licensing agreement with the Microsoft Corporation for its 365 Government G5 product bundle, which includes basic software applications for state agencies as well as additional enterprise security and compliance functionality.	IDG	932,900	0
	Restricted	16,076,400	0
	GF/GP	\$10,767,900	\$5,000,000
<b>5. MiLogin Single Sign-On Integration of State Applications</b>	FTE	17.0	5.0
Includes \$3.3 million GF/GP and authorization for 5.0 FTE positions to support the integration of additional state software applications into the MiLogin enterprisewide IT initiative, which provides single sign-on capabilities for accessing State of Michigan internet and mobile sites. Approximately half, or 220, state applications have been integrated and a 40% increase in MiLogin users is expected in FY 2019-20. Funding would support an increase in infrastructure hosting capacity, IBM software licensing, staffing, and operational hosting costs.	<b>Gross</b>	<b>\$9,775,000</b>	<b>\$3,299,000</b>
	GF/GP	\$9,775,000	\$3,299,000
<b>6. FY 2019-20 IT IDG Baseline Adjustment</b>	<b>Gross</b>	<b>\$555,159,600</b>	<b>\$191,899,900</b>
Authorizes \$191.9 million in IDG funding to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. The increase includes \$179.8 million from DHHS, which primarily reflects transfers of IT costs from DHHS's program line items to its Technology Services line items.	IDG	555,159,600	191,899,900
	GF/GP	\$0	\$0
<b>7. Vehicle Fleet Cost Increase and FTE Increase</b>	FTE	35.0	4.0
Includes \$1.5 million in IDG funding for higher estimated miles driven by state fleet vehicles in FY 2019-20 and a projected increase in fuel costs. Authorizes 4.0 FTE positions to replace temporary contracted personnel for vehicle maintenance services.	<b>Gross</b>	<b>\$74,377,800</b>	<b>\$1,500,000</b>
	IDG	74,377,800	1,500,000
	GF/GP	\$0	\$0
<b>8. Accounting Service Center Increase for State Police</b>	<b>Gross</b>	<b>\$3,969,800</b>	<b>\$374,900</b>
Authorizes \$374,900 in IDG funding to align with Accounting Service Centers costs for MSP to cover MiCARS maintenance and changes in how credit card fees are being charged in SIGMA.	IDG	3,969,800	374,900
	GF/GP	\$0	\$0
<b>9. Professional Development Funds</b>	<b>Gross</b>	<b>\$0</b>	<b>\$200,000</b>
Authorizes \$200,000 in IDG funding collected from state agencies to support professional development for American Federation of State, County, and Municipal Employees (\$50,000) and the Scientific and Engineering Unit of the Service Employees International Union (\$150,000) per bargaining agreements with the Office of State Employer.	IDG	0	200,000
	GF/GP	\$0	\$0
<b>10. State Police Retirement System Supplemental Payments</b>	<b>Gross</b>	<b>\$30,714,300</b>	<b>\$10,000</b>
Authorizes \$10,000 GF/GP for supplemental payments as required by 2015 PA 168 to produce an annual retirement allowance of \$16,000 to each retiree or beneficiary. The estimated payout in FY 2019-20 is \$82,000 for 43 beneficiaries.	Restricted	24,212,500	0
	GF/GP	\$6,501,800	\$10,000
<b>11. Military Retirement Transfer to DMVA</b>	<b>Gross</b>	<b>\$30,714,300</b>	<b>(\$5,244,800)</b>
Transfers \$5.2 million GF/GP to DMVA for military retirement payment obligations.	Restricted	24,212,500	0
	GF/GP	\$6,501,800	(\$5,244,800)
<b>12. Elimination of Regional Prosperity Grants</b>	<b>Gross</b>	<b>\$4,000,000</b>	<b>(\$4,000,000)</b>
Eliminates \$4.0 million GF/GP for grants to designated economic regions defined by the Regional Prosperity Initiative to encourage private, public, and non-profit partners to collaborate on developing economic visions and efforts to achieve them.	GF/GP	\$4,000,000	(\$4,000,000)

<u>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</u>		<u>FY 2018-19 YTD (as of 3/5/19)</u>	<u>Executive Change from YTD</u>
<b>13. Business Support Services GF Reduction Fund Shift</b>	<b>Gross</b>	<b>\$12,759,800</b>	<b>\$0</b>
Replaces \$138,400 GF/GP with a corresponding amount of state restricted funding from contract revenue from the Special Revenue, Internal Service, and Pension Trust Funds fund source.	IDG	464,900	0
	Federal	100	0
	Restricted	6,546,100	138,400
	GF/GP	\$5,748,700	(\$138,400)
<b>14. Services Baseline Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$115,400)</b>
Reduces budget by \$115,400 Gross (\$167,100 GF/GP) by making various technical adjustments to align funding and operations through the statewide cost allocation plan, making annual adjustments in the department's indirect service charges, and aligning funding with operations within the Civil Service Commission.	IDG	NA	223,700
	Federal	NA	(115,400)
	Restricted	NA	(56,600)
	GF/GP	NA	(\$167,100)
<b>15. Removal of Current Year One-Time Funding</b>	<b>Gross</b>	<b>\$73,145,100</b>	<b>(\$73,145,100)</b>
Eliminates \$73.1 million Gross (\$66.8 million GF/GP) of one-time funding appropriated in FY 2018-19: \$43.1 million for a lump-sum payment for military and judges retirement, \$20.0 million for the statewide broadband internet initiative, \$8.2 million to pay off outstanding debt of the dissolved Inkster school district, \$10,000 for an Office of Retirement Services actuarial analysis, \$100 for a census-related services placeholder, \$1.2 million for state police and school employees retirement, \$450,000 for local governments cyber security program, \$170,000 for a job vacancy study, and \$30,000 for an MPSCS tower top amplifier.	Restricted	6,380,000	(6,380,000)
	GF/GP	\$66,765,100	(\$66,765,100)
<b>16. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$7,283,100</b>
Reflects increased costs of \$7.3 million Gross (\$1.3 million GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	4,513,300
	Federal	NA	50,100
	Local	NA	(20,400)
	Private	NA	1,700
	Restricted	NA	1,427,600
	GF/GP	NA	\$1,310,800

### Major Boilerplate Changes From FY 2018-19

#### **Sec. 822. Report on Unclassified Salaries – DELETED**

Requires a report on individual appointee and unclassified employee salaries by January 1.

#### **Sec. 822d. Report on Fee Rate Schedules – DELETED**

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

#### **Sec. 822f. Regional Prosperity Initiative – DELETED**

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

#### **Sec. 822n. Request for Proposals Website – DELETED**

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

#### **Sec. 822o. Northern Satellite Psychiatric Facility – DELETED**

Requires DTMB to work with the Department of Health and Human Services to identify a location for the new Northern Satellite Psychiatric Facility capital outlay project approved for planning authorization under Article II of 2017 PA 107.

#### **Sec. 827a. MPSCS Unpaid Invoices – DELETED**

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

#### **Sec. 828. IT Appropriations and Expenditures Report – DELETED**

Requires a report on the total appropriations and expenditures for IT-related services and projects for all executive departments and agencies.

**Major Boilerplate Changes From FY 2018-19**

**Sec. 829. Life-Cycle of Hardware and Software – DELETED**

Requires a report that analyzes and makes recommendations on the life-cycle of IT hardware and software.

**Sec. 830. Enterprisewide IT Project Reporting – DELETED**

Requires a quarterly report on active and closed IT projects throughout all executive branch departments on the schedule, budget, cost, project changes, and project success scores for each project; requires report.

**Sec. 831. ORS Actuarial Analyses – DELETED**

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

**Sec. 832. Child Support Enforcement System – DELETED**

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

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

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

**Sec. 836. Information Technology Investment Fund Purpose – DELETED**

Explains the purpose of a one-time funding increase for the Information Technology Investment Fund.

**Sec. 837. Information Technology Investment Fund Appropriation of Federal and Restricted Revenues – NEW**

Automatically appropriates related federal and state restricted funds earned based on initiatives undertaken with funds appropriated in part 1; requires notification within 10 days of effectuating appropriations authorized under this section.

**Sec. 840. EPMO Performance Measures – DELETED**

Requires the development and use of metrics for activities related to funds appropriated to the Enterprise Portfolio Management Office.

<b><u>Supplemental Recommendations for FY 2018-19 Appropriations</u></b>		<b><u>FY 2018-19 Recommendation</u></b>
<b>1. Drinking Water Declaration of Emergency Reserve Fund</b>	<b>Gross</b>	<b>\$15,000,000</b>
Deposits \$15.0 million GF/GP into the Drinking Water Declaration of Emergency Reserve Fund for potential needs related to the drinking water declaration of emergency in Flint.	GF/GP	\$15,000,000
<b>2. Economic Incentives Evaluations</b>	<b>Gross</b>	<b>\$2,000,000</b>
Includes \$2.0 million GF/GP for compliance with 2018 PA 540, which requires DTMB to contract with a vendor to periodically evaluate certain economic development incentives.	GF/GP	\$2,000,000

**Summary: Executive Budget Recommendation  
for Fiscal Year 2019-20  
DEPARTMENT OF TREASURY**



**Analyst: Ben Gielczyk**

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
<b>IDG/IDT</b>	\$12,780,300	\$12,905,600	\$125,300	1.0
<b>Federal</b>	27,128,000	27,242,500	114,500	0.4
<b>Local</b>	13,135,700	13,215,800	80,100	0.6
<b>Private</b>	27,500	27,500	0	0.0
<b>Restricted</b>	1,727,494,000	1,804,941,600	77,447,600	4.5
<b>GF/GP</b>	210,961,300	218,826,800	7,865,500	3.7
<b>Gross</b>	<b>\$1,991,526,800</b>	<b>\$2,077,159,800</b>	<b>\$85,633,000</b>	<b>4.3</b>
<b>FTEs</b>	1,872.5	1,880.5	8.0	0.4

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

**Overview**

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

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>		<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>1. Constitutional Revenue Sharing</b>	<b>Gross</b>	<b>\$835,333,800</b>	<b>\$51,205,400</b>
Increases constitutional revenue sharing by \$51.2 million of sales tax revenue relative to the FY 2018-19 budget act appropriated amount (\$27.5 million (3.2%) increase over FY 2018-19 January Consensus Revenue Estimating Conference estimates).	Restricted	835,333,800	51,205,400
	GF/GP	\$0	\$0
<b>2. City, Village, and Township (CVT) Revenue Sharing and Supplemental CVT Revenue Sharing</b>	<b>Gross</b>	<b>\$255,156,000</b>	<b>\$7,654,700</b>
Increases total CVT revenue sharing by \$7.7 million (3.0%) of sales tax revenue. FY 2018-19 one-time funds (CVT Revenue Sharing and Supplemental CVT Revenue Sharing) totaling \$12.1 million in sales tax revenue would be maintained and included in the ongoing CVT revenue sharing line item. A CVT would be eligible to receive a payment equal to 103% of its FY 2018-19 combined eligible payment under CVT and Supplemental CVT revenue sharing.	Restricted	255,156,000	7,654,700
	GF/GP	\$0	\$0
<b>3. County Revenue Sharing/County Incentive Program</b>	<b>Gross</b>	<b>\$221,415,500</b>	<b>\$6,642,500</b>
Includes \$6.6 million of sales tax revenue to increase county revenue sharing/county incentive program funding by 3.0%. Eligible counties would qualify for 105.277% of statutory full funding. County Incentive Program funding equals 20% of the estimated FY 2019-20 full funding amount.	Restricted	221,415,500	6,642,500
	GF/GP	\$0	\$0

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>		<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>4. Financially Distressed CVTs/Community Opportunities for Renewal Program</b>	<b>Gross</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>
	Restricted	2,500,000	2,500,000
	GF/GP	\$0	\$0
Includes \$5.0 million for newly named Community Opportunities for Renewal program to replace the Financially Distressed CVTs program. Represents a \$2.5 million increase over the FY 2018-19 appropriation for the Financially Distressed CVTs program. The newly named program would retain the basic framework of the Financially Distressed CVTs program but replaces the current authorized expenditures with infrastructure repair, public safety, blight removal, and other community revitalization projects as specified functions of the program.			
<b>5. General Obligation Bond Debt Service</b>	<b>Gross</b>	<b>\$107,080,000</b>	<b>(\$2,745,000)</b>
	GF/GP	\$107,080,000	(\$2,745,000)
Includes a net reduction of \$2.7 million GF/GP for general obligation bond debt service. The estimated baseline reduction in debt service would be partially offset with projected debt service increases associated with planned new issuances for Clean Michigan Initiative and Great Lakes Water Quality bonds.			
<b>6. Medical Marihuana Excise Fund Grants</b>	<b>Gross</b>	<b>\$10,890,000</b>	<b>(\$10,890,000)</b>
	Restricted	10,890,000	(10,890,000)
	GF/GP	\$0	\$0
Eliminates Medical Marihuana Excise Grants totaling \$10.9 million from the restricted Medical Marihuana Excise Fund. The 3% excise tax on provisioning center sales was eliminated under 2018 Initiated Law 1.			
<b>7. Recreational Marihuana Grants for Locals</b>	<b>Gross</b>	<b>\$0</b>	<b>\$20,250,000</b>
	Restricted	0	20,250,000
	GF/GP	\$0	\$0
Includes \$20.3 million from the Marihuana Regulation Fund for statutorily required grants to local units of government.			
<b>8. Legalized Marihuana Administration</b>	FTE	4.0	(3.0)
	<b>Gross</b>	<b>\$911,400</b>	<b>\$3,030,800</b>
	Restricted	911,400	3,030,800
	GF/GP	\$0	\$0
Includes a net increase of \$3.0 million state restricted Marihuana Regulation Fund. Reduces existing medical marihuana FTE position authorization by 3.0 FTE positions and repurposes remaining FTE position and an additional 15.0 FTE positions for a total FTE position authorization of 16.0 for recreational marihuana administration under 2018 Initiated Law 1.			
<b>9. Senior Citizen Cooperative Housing Tax Exemption Reimbursement</b>	<b>Gross</b>	<b>\$10,521,100</b>	<b>\$250,000</b>
	GF/GP	\$10,521,100	\$250,000
Increases by \$250,000 GF/GP to provide full funding for two new facilities (Ingham and Saginaw Counties) that became eligible for reimbursements in FY 2018-19.			
<b>10. Proposed Pass-Through Entity Business Tax Administration</b>	FTE	0.0	11.0
	<b>Gross</b>	<b>\$0</b>	<b>\$2,000,000</b>
	GF/GP	\$0	\$2,000,000
Includes \$2.0 million GF/GP and authorizes 11.0 FTE positions for administration and staffing needed to administer and implement the proposed business tax changes for pass-through business entities.			
<b>11. Information Technology Cost Increases</b>	<b>Gross</b>	<b>\$36,207,600</b>	<b>\$1,450,000</b>
	IDG/IDT	400,000	0
	Federal	627,800	0
	Restricted	19,734,500	0
	GF/GP	\$15,445,300	\$1,450,000
Includes \$1.5 million GF/GP to support increased costs related to the Unisys mainframe and servers utilized by the Department of Treasury for critical information technology systems. Other departments have ceased to use the Unisys mainframe and servers, thereby increasing the department's share of the overall costs.			
<b>12. Michigan Finance Authority</b>	<b>Gross</b>	<b>\$26,097,700</b>	<b>\$300,000</b>
	Federal	23,049,900	0
	Restricted	3,047,800	300,000
	GF/GP	\$0	\$0
Includes \$300,000 of restricted MFA, bond and loan program revenue for increased expenditures related to information technology (IT) and IT legacy replacement, staffing costs, and attorney general services.			



<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>	<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>13. Targeted General Fund Reductions</b>	<b>Gross</b>	<b>NA</b>
Reduces various line items by a total of \$650,100 GF/GP: Executive Direction (\$100,000), Supervision of General Property Tax Law (\$100,000), Tax Administration (\$100,000), Tax Compliance (\$250,000), Department Services (\$100,000), and Forensic Science Commission placeholder (\$100).	GF/GP	NA
		<b>(\$650,100)</b>
		(\$650,100)
<b>14. Wrongful Imprisonment Compensation Fund</b>	<b>Gross</b>	<b>\$1,500,000</b>
Includes \$10.0 million GF/GP deposit (considered one-time) into the Wrongful Imprisonment Compensation Fund. This represents an \$8.5 million GF/GP increase from the FY 2018-19 appropriation included in 2018 PA 618. <i>NOTE: The FY 2018-19 supplemental request 2019-4 includes a \$10.0 million GF/GP deposit in the Wrongful Imprisonment Compensation Fund for payments anticipated in FY 2018-19.</i>	GF/GP	\$1,500,000
		<b>\$8,500,000</b>
		\$8,500,000
<b>15. Removal of Other One-Time Appropriations</b>	<b>Gross</b>	<b>\$7,163,000</b>
Eliminates \$7.2 million GF/GP of FY 2018-19 appropriations considered one-time: Beat the Streets (\$100,000), Courageous Cadets (\$50,000), Drinking Water Declaration of Emergency Contingency Fund Transfer (\$5.6 million), Financial Data Analytic Tool Reimbursement (\$500,000), and Urban Search and Rescue (\$900,000).	Restricted	5,613,000
	GF/GP	\$1,550,000
		<b>(\$7,163,000)</b>
		(5,613,000)
		(\$1,550,000)
<b>16. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
Reflects increased costs of \$3.3 million Gross (\$610,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA
	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		<b>\$3,297,700</b>
		125,300
		114,500
		80,100
		2,367,200
		\$610,600

### **Major Boilerplate Changes From FY 2018-19**

#### **Sec. 902a. Notification of Bond Refinancing and Restructuring – DELETED**

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

#### **Sec. 903. Tax Collection Contracts – REVISED**

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

#### **Sec. 920. Personal Property Tax Reimbursement Reporting – REVISED**

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

#### **Sec. 927. Personal Property Tax Audits – DELETED**

Requires the department to submit annual progress reports regarding personal property tax and essential service assessment audits.

## **Major Boilerplate Changes From FY 2018-19**

### ***Sec. 934. Expending of Authority Revenues – REVISED***

Authorizes the department to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employee's Retirement Fund; requires maintaining records to facilitate reimbursement. Revises by removing reporting requirement.

### ***Sec. 936. Financial Data Analytical Tool Guidance – DELETED***

Requires appropriation to be used for reimbursing counties, cities, villages, townships, and regional councils of governments for the cost of a data analytical tool that provides financial data analysis and early warning analysis from a vendor approved by DTMB in FY 2017-18. Allows for proration of available funds. Provides work project authorization for any unexpended funds.

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

Requires the department to study the feasibility of requiring homeowners to file principal residence exemption documents directly with the department.

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

Authorizes the department to establish a closed-loop payment processing and digital patient identification delivery and authentication system under which the department creates accounts to be used only registered participants.

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

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

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

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

## **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 that received a payment under Section 950(2) of 2009 PA 128 greater than \$1,000.00. Eligible payment is equal to 78.51044% of its total payment received under Section 950(2) of 2009 PA 128, or for a CVT with a population in excess of 7,500, notwithstanding whether it received a payment greater than \$1,000 under Section 950(2) of 2009 PA 128, a payment equal to the population of the CVT multiplied by \$2.64659, whichever is greater. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for 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. Revises to specify that an eligible CVT is eligible to qualify for 103% of its FY 2018-19 payment.

### ***Sec. 955. County Revenue Sharing Payments – REVISED***

Requires the county revenue sharing appropriation to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 102% of the amount determined pursuant to the Glen Steil State Revenue Sharing Act of 1971. Revises to specify that each county receives a payment equal to 105.277% of statutory full funding.

### ***Sec. 956. Financially Distressed Cities, Villages, and Townships – REVISED***

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

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

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

**Major Boilerplate Changes From FY 2018-19**

***Sec. 958. Supplemental County Revenue Sharing - DELETED***

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

**TREASURY – MICHIGAN GAMING CONTROL BOARD**

***Sec. 978. Racing Commission Regulatory Changes – REVISED***

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. Revises by removing language stating that if a certified horsemen's organization funds more than the actual regulatory cost, the balance shall remain in the agriculture equine industry development fund to fund subsequent race dates. Also strikes language stating that if a horsemen's organization funds less than the actual regulatory costs of the additional horse racing dates, the MGCB shall reduce the number of future race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts.

<b><u>Supplemental Recommendations for FY 2018-19 Appropriations</u></b>	<b><u>FY 2018-19 Recommendation</u></b>	
<p><b><i>1. Wrongful Imprisonment Compensation Fund</i></b>                      Includes \$10.0 million GF/GP to satisfy required payments for FY 2018-19 under provisions of the Wrongful Imprisonment Compensation Act, 2016 PA 343.</p>	<p><b>Gross</b> GF/GP</p>	<p><b>\$10,000,000</b> \$10,000,000</p>
<p><b><i>2. Business Pass-Through Tax Administration and Information Technology Upgrades</i></b>                      Includes \$10.0 million GF/GP and authorizes 2.0 FTE positions (\$9.0 million GF/GP one-time) for information technology system upgrades and staffing needed to implement the proposed business pass-through tax changes.</p>	<p>FTE <b>Gross</b> GF/GP</p>	<p>2.0 <b>\$10,000,000</b> \$10,000,000</p>
<p><b><i>3. Senior Citizen Cooperative Housing Tax Exemption Reimbursement</i></b>                      Increases by \$250,000 GF/GP to provide full funding for two new facilities (Ingham and Saginaw Counties) that became eligible for reimbursements in FY 2018-19.</p>	<p><b>Gross</b> GF/GP</p>	<p><b>\$250,000</b> \$250,000</p>

**Summary: Executive Budget Recommendation  
for Fiscal Year 2019-20  
DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT**



Analyst: Ben Gielczyk

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	762,645,800	762,145,800	(500,000)	(0.1)
Local	500,000	500,000	0	0.0
Private	5,621,700	5,628,300	6,600	0.1
Restricted	205,432,300	175,074,600	(30,357,700)	(14.8)
GF/GP	286,546,300	144,908,300	(141,638,000)	(49.4)
<b>Gross</b>	<b>\$1,260,746,100</b>	<b>\$1,088,257,000</b>	<b>(\$172,489,100)</b>	<b>(13.7)</b>
FTEs	1,456.0	1,456.0	0.0	0.0

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

**Overview**

The Department of Talent and Economic Development (DTED) includes the Michigan Strategic Fund (MSF), Talent investment Agency (TIA), Workforce Development Agency, Unemployment Insurance Agency, Land Bank Fast Track Authority, and Michigan State Housing Development Authority (MSHDA). Collectively, 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.

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>	<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>1. Pure Michigan</b>	<b>Gross \$36,000,000</b>	<b>(\$5,000,000)</b>
Reduces by \$5.0 million Gross (\$1.0 million GF/GP). This includes a shift of \$4.0 million in state restricted 21 <sup>st</sup> Century Jobs Trust Fund to Business Attraction and Community Revitalization to realize GF/GP savings.	Restricted 35,000,000 GF/GP \$1,000,000	(4,000,000) (\$1,000,000)
<b>2. Business Attraction and Community Revitalization</b>	<b>Gross \$105,379,900</b>	<b>\$0</b>
Replaces \$4.0 million GF/GP with a corresponding amount of 21 <sup>st</sup> Century Jobs Trust Fund transferred from the Pure Michigan line item for a net change of \$0 Gross.	Restricted 23,600,000 GF/GP \$81,779,900	4,000,000 (\$4,000,000)
<b>3. Going Pro</b>	<b>Gross \$37,918,800</b>	<b>(\$10,000,000)</b>
Reduces program funding by \$10.0 million Gross. Replaces \$25.9 million state restricted Contingent Fund, Penalty and Interest Account funding with a corresponding amount of GF/GP for a total Going Pro appropriation of \$27.9 million GF/GP.	Restricted 25,918,800 GF/GP \$12,000,000	(25,918,800) \$15,918,800
<b>4. Community Ventures</b>	<b>Gross \$4,000,000</b>	<b>(\$4,000,000)</b>
Eliminates Community Ventures program totaling \$4.0 million from the state restricted Contingent Fund, Penalty and Interest Account.	Restricted 4,000,000 GF/GP \$0	(4,000,000) \$0
<b>5. At-Risk Youth Grants</b>	<b>Gross \$3,000,000</b>	<b>(\$3,000,000)</b>
Eliminates program grant for Jobs for Michigan Graduates totaling \$3.0 million from the state restricted Contingent Fund, Penalty and Interest Account.	Restricted 3,000,000 GF/GP \$0	(3,000,000) \$0

<b>Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations</b>		<b>FY 2018-19 YTD (as of 3/5/19)</b>	<b>Executive Change from YTD</b>
<b>6. Land Bank Fast Track Authority</b>	FTE	9.0	0.0
Replaces \$1.5 million GF/GP with a corresponding amount of state restricted Land Bank Fast Track Fund revenues for a net change of \$0 Gross. Improved revenue generation from land bank operations has resulted in improved Land Bank Fast Track Fund revenues.	<b>Gross</b>	<b>\$4,125,700</b>	<b>\$0</b>
	Federal	1,000,000	0
	Restricted	148,400	1,500,000
	GF/GP	\$2,977,300	(\$1,500,000)
<b>7. Other One-Time Appropriations</b>	<b>Gross</b>	<b>\$151,300,600</b>	<b>(\$151,300,600)</b>
Removes FY 2018-19 one-time appropriations totaling \$151.3 million Gross (\$151.3 million GF/GP). One-time appropriations supported the following items: Michigan Enhancement Grants (\$113.5 million); Business Attraction and Community Revitalization (\$20.0 million); Northern MI Tourism and Sports Fund (\$10.0 million); Entrepreneurship Eco-System (\$2.5 million); Workforce Development GEAR UP grants replacement (\$2.0 million); Arts and Cultural Grants (\$1.0 million); Project Rising Tide (\$1.0 million); Van Andel Institute (\$1.0 million); Rural Blight Elimination Program (\$350,000); and Drinking Water Declaration of Emergency (\$100).	Restricted	100	(100)
	GF/GP	\$151,300,500	(\$151,300,500)
<b>8. MSHDA Fee Authorization Increase for Attorney General Costs</b>	<b>Gross</b>	<b>\$45,043,500</b>	<b>\$335,500</b>
Includes \$335,500 of restricted MSHDA fees and charges for additional attorney general legal services.	Restricted	45,043,500	335,500
	GF/GP	\$0	\$0
<b>9. DTED Reorganization</b>	FTE	17.0	0.0
Includes a net zero reorganization of \$3.4 million and 17.0 FTE positions to reflect movement of organizational responsibilities.	<b>Gross</b>	<b>\$3,365,400</b>	<b>\$0</b>
	Federal	3,112,800	0
	Restricted	252,600	0
	GF/GP	\$0	\$0
<b>10. Fund Source Realignment</b>	<b>Gross</b>	<b>NA</b>	<b>(\$2,233,000)</b>
Includes a \$2.2 million reduction of federal fund authorization to align revenue sources with anticipated revenues and remove defined calculations/economics adjustments from federal funds that cannot absorb the economic increase.	Federal	NA	(2,185,100)
	Restricted	NA	(47,900)
	GF/GP	NA	\$0
<b>11. Economics Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,709,000</b>
Reflects increased costs of \$2.7 million Gross (\$243,700 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	1,685,100
	Private	NA	6,600
	Restricted	NA	773,600
	GF/GP	NA	\$243,700

### **Major Boilerplate Changes From FY 2018-19**

#### **Sec. 983. Broadband Bonding Prohibition – DELETED**

Prohibits the MSF and MSHDA from issuing or refinancing bonds for broadband construction, expansion, repairs, or upgrades. *NOTE: Governor indicated Section 983 is considered unenforceable in his signing letter for enacted FY 2018-19 budget.*

#### **Sec. 984. SIGMA System Reporting – DELETED**

Requires MSF to use SIGMA to report encumbrances and expenditures.

### **DTED – MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

#### **Sec. 990. Michigan State Housing Development Authority Annual Report – DELETED**

Requires MSHDA to annually present a report on the status of the authority's housing production goals under all financing programs.

### **MICHIGAN STRATEGIC FUND**

#### **Sec. 1004. Statutory Reporting Requirements Update – DELETED**

Requires MSF to provide information included in the MSF Act annual activities report to legislature by March 15.

## **Major Boilerplate Changes From FY 2018-19**

### ***Sec. 1006. Business Incentive and Community Revitalization Grant Amendment Reporting – DELETED***

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

### ***Sec. 1033. Film and Digital Media Office Status Report – DELETED***

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.

### ***Sec. 1041. Business Attraction and Community Revitalization Transfer of Funds – DELETED***

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1.

### ***Sec. 1047. Michigan Strategic Fund – Grants – DELETED***

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

### ***Sec. 1052. Project Rising Tide Performance Measures – DELETED***

Requires DTED to identify specific performance measures for the Project Rising appropriations; provides two performance measures.

## **TALENT INVESTMENT AGENCY**

### ***Sec. 1070. Dropout Support and Career Training Grant – DELETED***

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

### ***Sec. 1071. Dropout Prevention and Recovery Program for Michigan Youth – DELETED***

Requires \$3.0 million from the funds appropriated for At-Risk Youth Grants to be awarded to the Michigan franchise holder of the national Jobs for America's Graduates program.

### ***Sec. 1079. Interagency Agreement for TANF Funds – DELETED***

Requires TIA to extend into an interagency agreement with Department of Health and Human Services for the use of TANF funds. Requires report on use of TANF funds by TIA.

### ***Sec. 1080. Community Ventures Matching Funds – DELETED***

Stipulates that up to \$2.0 million of funding for Community Ventures may be used for a matching program (\$1 for \$1) if private funds are raised.

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

Requires DTED to identify specific outcomes and performance metrics for increased funds associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used. Status report required by March 15.

### ***Sec. 1082. Sustainable Employment Pilot Program – DELETED***

Requires a status update on the usage of funds appropriated for the Sustainable Employment Pilot Program. Provides requested reporting metrics.

### ***Sec. 1084. Going Pro Performance Measures – DELETED***

Requires DTED to identify specific performance measures for Going Pro appropriations; provides three performance measures.