

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
TOTAL GENERAL GOVERNMENT**



**Analysts: Ben Gielczyk and Marilyn Peterson**

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$738,570,400	\$743,018,000	\$4,447,600	0.6	\$736,118,000	(\$6,900,000)	(0.9)
<b>Federal</b>	700,910,000	699,103,300	(1,806,700)	(0.3)	699,103,300	0	0.0
<b>Local</b>	7,713,800	9,969,700	2,255,900	29.2	9,969,700	0	0.0
<b>Private</b>	6,086,100	6,287,200	201,100	3.3	6,287,200	0	0.0
<b>Restricted</b>	1,934,087,700	2,074,934,200	140,846,500	7.3	2,074,361,900	(572,300)	(0.0)
<b>GF/GP</b>	1,072,036,000	1,208,809,500	136,773,500	12.8	1,174,736,200	(34,073,300)	(2.8)
<b>Gross</b>	<b>\$4,459,404,000</b>	<b>\$4,742,121,900</b>	<b>\$282,717,900</b>	<b>6.3</b>	<b>\$4,700,576,300</b>	<b>(\$41,545,600)</b>	<b>(0.9)</b>
<b>FTEs</b>	7,669.7	7,756.2	86.5	1.1	7,741.2	(15.0)	(0.2)

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**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), and Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, Michigan Strategic Fund - Michigan State Housing Development Authority, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.**

**Major Boilerplate Changes From FY 2013-14**

**Sec. 211. Budget Stabilization Fund Pay-In – REVISED**

Appropriates GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Revises appropriated amount to \$120.0 million. Includes two new subsections, the first dedicating 25 percent of FY 2014-15 GF/GP surplus revenues and 25 percent of FY 2014-15 GF/GP lapse funds to the BSF, and the second appropriating \$122.0 million GF/GP into the public health sub-fund of the BSF.

**Sec. 211b. Roads and Risk Reserve Fund – DELETED**

Requires \$230.0 million GF/GP to be deposited in the Roads and Risk Reserve Fund. Directs that not more than half of the funds are available for appropriation on October 1, 2013. States that the balance will be available for roads effective February 1, 2014 if those funds have not been appropriated for other purposes prior to that date.

**Sec. 212. Receipt and Retention of Require Reports – DELETED**

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.

**Sec. 215. Disciplinary Action Against State Employees – DELETED**

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

**Sec. 217. General Fund Restrictions – DELETED**

Prohibits use of General Fund appropriations where federal funds are available for the same purpose.

**Sec. 221. Reporting Requirements 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.

**Major Boilerplate Changes From FY 2013-14**

***Sec. 231. Full-Time Equated Position Report – DELETED***

Expresses intent of the Legislature that departments properly account for their spending and do not use FTE positions as placeholders for spending in other parts of their budgets; requires report.

***Sec. 235. Contract Request for Information and Qualification – DELETED***

Requires state departments and agencies to issue and receive a RFI or RFQ before a RFP for any contract in excess of \$5.0 million. States that department may not issue RFP unless it first considers issuing an RFI or RFQ. Requires department to notify DTMB of evaluation process used to determine if an RFI or RFQ was not necessary.

***Sec. 1201. Anticipated Appropriations – DELETED***

States legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 amounts based on economic and other factors.

***Sec. 1202. Retirement Costs – REVISED***

Specifies intent that departments identify the amounts for normal retirement costs and legacy retirement costs for the fiscal year ending on September 30, 2015 for the line items in part 1. Included section in each budget identifying legacy costs for FY 2014-15.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
ATTORNEY GENERAL**



**Analyst: Marilyn Peterson**

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$27,188,500	\$27,783,800	\$595,300	2.2	\$27,783,800	\$0	0.0
<b>Federal</b>	9,838,200	9,857,200	19,000	0.2	9,857,200	0	0.0
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	0	0	0	--	0	0	--
<b>Restricted</b>	17,631,900	17,914,200	282,300	1.6	17,914,200	0	0.0
<b>GF/GP</b>	34,481,300	35,467,100	985,800	2.9	35,467,100	0	0.0
<b>Gross</b>	<b>\$89,139,900</b>	<b>\$91,022,300</b>	<b>\$1,882,400</b>	<b>2.1</b>	<b>\$91,022,300</b>	<b>\$0</b>	<b>0.0</b>
<b>FTEs</b>	517.0	519.5	2.5	0.5	519.5	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**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.

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>1. Human Trafficking</b>	FTE	0.5	2.5	0.0
Adds \$400,000 (all GF/GP) and 2.5 FTEs to enhance Attorney General efforts to combat human trafficking; the additional resources would supplement the 0.5 FTE attorney position currently dedicated to these efforts.	<b>Gross</b>	<b>\$95,000</b>	<b>\$400,000</b>	<b>\$0</b>
	GF/GP	\$95,000	\$400,000	\$0
<b>2. Michigan Gaming Control Board</b>	FTE	1.0	1.0	0.0
Increases restricted revenue from the Casino Gaming Fund by \$113,600, to add one illegal gambling investigator to the one that is already funded.	<b>Gross</b>	<b>\$107,000</b>	<b>\$113,600</b>	<b>\$0</b>
	Restricted	107,000	113,600	0
	GF/GP	\$0	\$0	\$0
<b>3. Assigned Claims Assessments</b>	FTE	1.0	(1.0)	0.0
Removes funding for assistance to Department of State for assigned claims facility, which has been privatized.	<b>Gross</b>	<b>\$158,600</b>	<b>(\$158,600)</b>	<b>\$0</b>
	Restricted	158,600	(158,600)	0
	GF/GP	\$0	\$0	\$0
<b>4. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,527,400</b>	<b>\$0</b>
Reflects increased costs of \$1.5 million Gross (\$585,800 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	N/A	595,300	0
	Federal	N/A	19,000	0
	Restricted	N/A	327,300	0
	GF/GP	N/A	\$585,800	\$0

**Major Boilerplate Changes From FY 2013-14**

Proposes no major boilerplate changes from FY 2013-14.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
CIVIL RIGHTS**



**Analyst: Marilyn Peterson**

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$288,900	\$288,900	--	\$288,900	\$0	0.0
Federal	2,690,200	2,736,500	46,300	1.7	2,736,500	0	0.0
Local	0	0	0	--	0	0	--
Private	18,700	18,700	0	0.0	18,700	0	0.0
Restricted	151,900	151,900	0	0.0	151,900	0	0.0
GF/GP	12,337,500	13,573,200	1,235,700	10.0	13,573,200	0	0.0
<b>Gross</b>	<b>\$15,198,300</b>	<b>\$16,769,200</b>	<b>\$1,570,900</b>	<b>10.3</b>	<b>\$16,769,200</b>	<b>\$0</b>	<b>0.0</b>
FTEs	128.0	138.0	10.0	7.8	138.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**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 2013-14 YTD Appropriations</b>		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>1. Civil Rights Outreach and Education</b>	FTE	N/A	4.0	0.0
Adds \$500,000 GF/GP and 4.0 FTEs for ongoing outreach and education programs: Advocates and Leaders for Police and Community Trust (\$250,000, 2.0 FTEs), Michigan Alliance Against Hate Crimes (\$125,000 and 1.0 FTE), and anti-bullying (\$125,000 and 1.0 FTE).	<b>Gross</b>	N/A	<b>\$500,000</b>	<b>\$0</b>
	GF/GP	N/A	\$500,000	\$0
<b>2. Civil Rights Complaints</b>	FTE	N/A	2.0	0.0
Provides additional \$175,000 and 2.0 FTEs for expansion of the intake unit that handles all initial customer contacts.	<b>Gross</b>	N/A	<b>\$175,000</b>	<b>\$0</b>
	GF/GP	N/A	\$175,000	\$0
<b>3. Transfer of ADA Program from DTMB</b>	FTE	0.0	4.0	0.0
Transfers unit and funding associated with compliance activities under Americans with Disabilities Act (ADA) from Department of Technology, Management, and Budget (DTMB) to Department of Civil Rights (\$583,500 Gross, \$300,000 GF/GP, 4.0 FTEs). An Executive Order to effect the administrative change is expected in March 2014.	<b>Gross</b>	<b>\$0</b>	<b>\$583,500</b>	<b>\$0</b>
	IDG	0	283,500	0
	GF/GP	\$0	\$300,000	\$0

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
		FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>4. Economics</b>	<b>Gross</b>	<b>\$273,600</b>	<b>\$0</b>
Reflects increased costs of \$312,400 Gross (\$260,700 GF/GP)	IDG	5,400	0
for negotiated salary and wage amounts (2.0% ongoing increase	Federal	46,300	0
plus 0.5% lump sum payments), actuarially-required retirement	GF/GP	\$221,900	\$0
rate increases, and other economic adjustments. Insurance costs			
held flat due to recent state employee health plan revisions.			

**Major Boilerplate Changes From FY 2013-14**

Proposes no major boilerplate changes from FY 2013-14.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
EXECUTIVE OFFICE**



Analyst: Ben Gielczyk

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	0	0	0	--	0	0	--
<b>GF/GP</b>	5,370,000	5,916,100	546,100	10.2	5,916,100	0	0.0
<b>Gross</b>	<b>\$5,370,000</b>	<b>\$5,916,100</b>	<b>\$546,100</b>	<b>10.2</b>	<b>\$5,916,100</b>	<b>\$0</b>	<b>0.0</b>
FTEs	84.2	88.2	4.0	4.8	88.2	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**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>Major Budget Changes From FY 2013-14 YTD Appropriations</b>		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>1. Office for New Americans</b>	FTE	N/A	4.0	0.0
Includes \$385,000 GF/GP and 4.0 FTEs for a new Office for New Americans that would assist in attracting high-skilled immigrants to Michigan.	<b>Gross</b>	<b>N/A</b>	<b>\$385,000</b>	<b>\$0</b>
	GF/GP	N/A	\$385,000	\$0
<b>2. Executive Office Operations</b>	FTE	74.2	0.0	0.0
Provides \$161,100 GF/GP funding increase for Executive Office operations (3.0%).	<b>Gross</b>	<b>\$3,841,800</b>	<b>\$161,100</b>	<b>\$0</b>
	GF/GP	\$3,841,800	\$161,100	\$0

**Major Boilerplate Changes From FY 2013-14**

There are no major boilerplate changes recommended for FY 2014-15.

<b>Supplemental Recommendations for FY 2013-14 Appropriations</b>		FY 2013-14 Recommendation
<b>1. Office for New Americans</b>	<b>Gross</b>	<b>\$171,000</b>
Includes \$171,000 GF/GP and 4.0 FTEs for a new Office for New Americans that would assist in attracting high-skilled immigrants to Michigan.	GF/GP	\$171,000

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
LEGISLATURE**



**Analyst: Ben Gielczyk**

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	400,000	400,000	0	0.0	400,000	0	0.0
Restricted	1,109,800	4,109,800	3,000,000	270.3	4,109,800	0	0.0
GF/GP	122,309,500	127,060,700	4,751,200	3.9	127,060,700	0	0.0
<b>Gross</b>	<b>\$123,819,300</b>	<b>\$131,570,500</b>	<b>\$7,751,200</b>	<b>6.3</b>	<b>\$131,570,500</b>	<b>\$0</b>	<b>0.0</b>
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**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 Capitol Building, House of Representatives Office Building, and Farnum Building.

<b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>1. State Capitol Historic Site</b>	<b>Gross</b>	<b>\$3,078,700</b>	<b>\$3,138,500</b>	<b>\$0</b>
Includes \$3.1 million Gross (\$138,500 GF/GP) to support restoration, renewal, and maintenance for the State Capitol Historic Site. Creation of State Capitol Historic Site is contingent upon passage of Senate Bill 678. FY 2013-14 appropriations included \$3.1 million for Capitol Building Operations which were shifted under new Capitol Historic Site unit.	Restricted	0	3,000,000	0
	GF/GP	\$3,078,700	\$138,500	\$0
<b>2. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$4,612,700</b>	<b>\$0</b>
Reflects increased costs of \$4.6 million GF/GP for economic adjustments related to legislative staff and operations.	GF/GP	N/A	\$4,612,700	\$0

**Major Boilerplate Changes From FY 2013-14**

**Sec. 12-609. Capitol Historic Site Fund – NEW**

Designates appropriations from the Capitol Historic Site Fund subject to enrollment of Senate Bill 678 of the 97<sup>th</sup> Legislature.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
LEGISLATIVE AUDITOR GENERAL**



**Analyst: Ben Gielczyk**

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$5,092,100	\$5,220,700	\$128,600	2.5	\$5,220,700	\$0	0.0
<b>Federal</b>	0	0	0	--	0	0	--
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	0	0	0	--	0	0	--
<b>Restricted</b>	1,951,000	2,000,800	49,800	2.6	2,000,800	0	0.0
<b>GF/GP</b>	13,911,300	14,537,300	626,000	4.5	14,537,300	0	0.0
<b>Gross</b>	<b>\$20,954,400</b>	<b>\$21,758,800</b>	<b>\$804,400</b>	<b>3.8</b>	<b>\$21,758,800</b>	<b>\$0</b>	<b>0.0</b>
<b>FTEs</b>	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**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.

	FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
		FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>			
<b>1. Operations Increase</b>	<b>Gross</b>	<b>N/A</b>	<b>\$276,500</b>
Includes \$276,500 GF/GP to support Auditor General operations.	GF/GP	N/A	\$276,500
<b>2. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$527,900</b>
Reflects increased costs of \$527,900 Gross (\$349,500 GF/GP)	IDG	N/A	128,600
for negotiated salary and wage amounts (2.0% ongoing increase	Restricted	N/A	49,800
plus 0.5% lump sum payments), actuarially-required retirement	GF/GP	N/A	\$349,500
rate increases, and other economic adjustments. Insurance costs			
held flat due to recent state employee health plan revisions.			

**Major Boilerplate Changes From FY 2013-14**

There are no major boilerplate changes recommended for FY 2014-15.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
STATE**



Analyst: Marilyn Peterson

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$20,000,000	\$20,000,000	\$0	0.0	\$20,000,000	\$0	0.0
<b>Federal</b>	1,810,000	1,460,000	(350,000)	(19.3)	1,460,000	0	0.0
<b>Local</b>	0	0	0	--	0	0	--
<b>Private</b>	100	100	0	0.0	100	0	0.0
<b>Restricted</b>	182,485,400	184,713,200	2,227,800	1.2	184,713,200	0	0.0
<b>GF/GP</b>	15,253,400	17,939,000	2,685,600	17.6	17,939,000	0	0.0
<b>Gross</b>	<b>\$219,548,900</b>	<b>\$224,112,300</b>	<b>\$4,563,400</b>	<b>2.1</b>	<b>\$224,112,300</b>	<b>\$0</b>	<b>0.0</b>
<b>FTEs</b>	1,568.0	1,599.0	31.0	2.0	1,599.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**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 2013-14 YTD Appropriations</b>	FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
		FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>1. Fraud Prevention</b> Provides \$1.8 million to support Secretary of State efforts to combat fraud, particularly with regard to fraudulent certificates of insurance. Includes \$1.2 million and 27.0 FTEs for verification of questionable paper certificates of insurance prior to issuing or renewing a vehicle registration, and \$627,400 and 4.0 FTEs for development of data analytics and prosecutorial assistance.	FTE Gross GF/GP	N/A N/A N/A	31.0 \$1,830,800 \$1,830,800
<b>2. Campaign Finance and Lobbyist Registration</b> Provides additional \$500,000 (all GF/GP) to meet increased costs of payments to vendors who maintain campaign finance and lobbyist registration systems.	Gross GF/GP	N/A N/A	\$500,000 \$500,000
<b>3. Offset for Michigan Transportation Fund Economics</b> Provides GF/GP to offset economic adjustments that would otherwise be applied to funding from the Michigan Transportation Fund (MTF). MTF funds are received as IDG revenues from MDOT and partially reimburse the Department of State for the costs of collecting registration and title fee revenue that is deposited into the MTF. MTF support is statutorily capped at \$20.0 million (MCL 247.660). GF/GP and IDG changes are offsets against total economics, below.	Gross IDG GF/GP	\$20,000,000 20,000,000 \$0	\$0 (300,700) \$300,700

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>4. Federal HAVA Grant Funds</b>	<b>Gross</b>	<b>\$350,000</b>	<b>(\$350,000)</b>	<b>\$0</b>
Aligns budget with status of grant program under federal Help America Vote Act (HAVA) by eliminating the federal fund source.	Federal	350,000	(350,000)	0
HAVA projects are going forward under work project funding.	GF/GP	\$0	\$0	\$0
<b>5. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$2,582,600</b>	<b>\$0</b>
Reflects increased costs of \$2.6 million Gross (\$54,100 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	N/A	300,700	0
	Restricted	N/A	2,227,800	0
	GF/GP	N/A	\$54,100	\$0

**Major Boilerplate Changes From FY 2013-14**

**Sec. 714. Branch Office Closings or Consolidations – DELETED**

Requires DOS to notify legislature in advance of closing or relocating a branch office to another local unit of government.

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

Requires DOS to report on funding expended for the BAM project since its inception.

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

Requires DOS to maintain a full-service branch office in Buena Vista Township.

<u>Supplemental Recommendations for FY 2013-14 Appropriations</u>		FY 2013-14 Recommendation
<b>1. ExpressSOS</b>	<b>Gross</b>	<b>\$300,000</b>
Provides \$300,000 in one-time GF/GP funding to support promotion of ExpressSOS, which enables Michigan residents to complete many Secretary of State transactions online.	GF/GP	\$300,000
<b>2. Interlock Violation Processing</b>	<b>Gross</b>	<b>\$200,000</b>
Provides \$200,000 in one-time GF/GP funding for purchase of a system for electronic processing of interlock violations.	GF/GP	\$200,000
<b>3. Late Fee Reimbursements</b>	<b>Gross</b>	<b>\$117,000</b>
Provides \$117,000 in one-time GF/GP funding to reimburse late filing fees imposed between January 1, 2010 and July 3, 2012, and which under 2012 PA 277 must be reimbursed upon appropriation if all other required campaign statements were timely filed.	GF/GP	\$117,000

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
TECHNOLOGY, MANAGEMENT, AND BUDGET**



**Analyst: Marilyn Peterson**

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$677,159,800	\$680,315,500	\$3,155,700	0.5	\$673,415,500	(\$6,900,000)	(1.0)
<b>Federal</b>	8,790,900	7,974,100	(816,800)	(9.3)	7,974,100	0	0.0
<b>Local</b>	1,320,800	3,553,700	2,232,900	169.1	3,553,700	0	0.0
<b>Private</b>	190,400	190,400	0	0.0	190,400	0	0.0
<b>Restricted</b>	94,125,900	94,322,000	196,100	0.2	94,322,000	0	0.0
<b>GF/GP</b>	409,217,800	495,848,500	86,630,700	21.2	472,848,200	(23,000,300)	(4.6)
<b>Gross</b>	<b>\$1,190,805,600</b>	<b>\$1,282,204,200</b>	<b>\$91,398,600</b>	<b>7.7</b>	<b>\$1,252,303,900</b>	<b>(\$29,900,300)</b>	<b>(2.3)</b>
<b>FTEs</b>	2,822.0	2,823.0	1.0	0.0	2,823.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**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 2013-14 YTD Appropriations</b>		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>1. Enterprisewide Information Technology (IT) Investments</b> Adds \$28.0 million GF/GP for continuation of efforts targeting technology upgrades and replacing legacy systems, bringing total funding to \$75.0 million.	<b>Gross</b>	<b>\$47,000,000</b>	<b>\$28,000,000</b>	<b>\$0</b>
	GF/GP	\$47,000,000	\$28,000,000	\$0
<b>2. Michigan Public Safety Communications System (MPSCS)</b> Transfers MPSCS from State Police to DTMB and adds funds for equipment replacement. Program currently funded in DTMB with IDG from State Police, which uses GF/GP and about \$2.2 million in local subscriber and maintenance funds to support the program. Executive also recommends additional \$20.0 million for commencement of equipment lifecycle replacement schedule and \$5.3 million for statewide radio replacement cycle. Shift from State police to DTMB also includes transfer of \$53,200 in local revenue currently retained by State Police for administrative costs.	FTE	100.0	0.0	0.0
	<b>Gross</b>	<b>\$16,287,700</b>	<b>\$25,353,200</b>	<b>\$0</b>
	IDG	16,287,700	(16,287,700)	0
	Local	0	2,183,000	0
	GF/GP	\$0	\$39,457,900	\$0
<b>3. Cyber Security</b> Adds 3.0 FTEs and \$6.8 million for new cyber security initiatives; coupled with \$240,000 increase for full-year funding of positions partially funded in current year, total increase would be 13.0 FTEs and \$7.0 million.	FTE	10.0	3.0	0.0
	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$7,025,000</b>	<b>\$0</b>
	GF/GP	\$2,000,000	\$7,025,000	\$0

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>Executive Changes</u>			
	<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>FY 2013-14 to FY 2014-15</u>	<u>FY 2014-15 to FY 2015-16</u>	
<b>4. Motor Vehicle Fleet</b>	FTE	35.0	0.0	0.0
Increases spending authorization to meet anticipated costs of the state's motor vehicle fleet, which is wholly funded by charges paid by agencies using the fleet. Additional \$8.3 million authorization brings total to \$67.7 million IDG.	<b>Gross</b>	<b>\$59,221,400</b>	<b>\$8,300,000</b>	<b>\$0</b>
	IDG	59,221,400	8,300,000	0
<b>5. Special Maintenance</b>	<b>Gross</b>	<b>\$28,000,000</b>	<b>\$5,000,000</b>	<b>(\$10,000,000)</b>
Increases ongoing funding for maintenance and upkeep projects at state-owned properties from current \$18.0 million to \$23.0 million, and retains \$10.0 million in one-time funding for the third year.	GF/GP	\$28,000,000	\$5,000,000	(\$10,000,000)
<b>6. Office of Urban and Metropolitan Initiatives</b>	FTE	0.0	0.0	0.0
Provides one-time funding for the Office of Urban and Metropolitan Initiatives, which has been housed in the Executive Office. The Office works with foundations, community partners, and the Michigan Economic Development Corporation to establish policies and create a strategic framework for urban economic development.	<b>Gross</b>	<b>\$0</b>	<b>\$5,500,000</b>	<b>(\$5,500,000)</b>
	GF/GP	\$0	\$5,500,000	(\$5,500,000)
<b>7. Legal Services/Litigation Funding</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$3,000,000</b>	<b>(\$5,000,000)</b>
Renames one-time funding for state litigation costs from "Legal Services" to "Litigation Fund" and increases by \$3.0 million.	GF/GP	\$2,000,000	\$3,000,000	(\$5,000,000)
<b>8. Office of Children's Ombudsman</b>	FTE	10.0	4.0	0.0
Funds 4.0 additional positions for the Children's Ombudsman's office. Addition of two intake staff and two investigators aimed speeding investigations by reducing investigator caseloads and reducing intake tasks.	<b>Gross</b>	<b>\$1,235,100</b>	<b>\$510,200</b>	<b>\$0</b>
	GF/GP	\$1,235,100	\$510,200	\$0
<b>9. Regional Prosperity Grants</b>	<b>Gross</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>(\$2,500,000)</b>
Adds \$2.5 million in ongoing funding for Regional Prosperity Initiative and retains \$2.5 million as one-time funding. Funding supports economic and workforce development grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners.	GF/GP	\$2,500,000	\$2,500,000	(\$2,500,000)
<b>10. Technology Innovation Fund</b>	<b>Gross</b>	<b>\$2,500,000</b>	<b>(\$2,500,000)</b>	<b>\$0</b>
Eliminates spending authorization for the revolving Technology Innovation Fund, established under the FY 2011-12 budget and retained in subsequent budget acts, as a means of financing loans to other state agencies and local governmental units for high-priority, low-cost projects that offer a significant return on investment. Executive seeks legislation to continue program under statute.	GF/GP	\$2,500,000	(\$2,500,000)	\$0
<b>11. Add Lansing Township Annex to Building Occupancy</b>	<b>Gross</b>	<b>\$0</b>	<b>\$644,200</b>	<b>\$0</b>
Increases IDG authorization for state building occupancy to recognize addition of Lansing Township property to DTMB responsibility.	IDG	0	644,200	0
<b>12. Adjutant General and Assistant Adjutant Retirement</b>	<b>Gross</b>	<b>\$0</b>	<b>\$437,000</b>	<b>\$0</b>
Provides funding for the costs of PA 99 of 2013, which returned the Adjutant General and Assistant Adjutant General to the defined benefit retirement system and reversed PA 255 of 2010, which had placed those appointees hired after January 1, 2011 into the state's defined contribution plan. Pending FY 2013-14 supplemental request would provide \$400,000 for current-year costs of prefunding those retirements under 2013 PA 99. Executive recommends \$437,000 to cover the estimated additional FY 2014-15 costs.	GF/GP	\$0	\$437,000	\$0

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>13. Professional Development Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$720,000</b>	<b>\$0</b>
Provides \$720,000 IDG authorization for ongoing costs of employee training and services under negotiated contract with UAW.	IDG	0	720,000	0
<b>14. MiResults Maintenance</b>	<b>Gross</b>	<b>N/A</b>	<b>\$225,000</b>	<b>\$0</b>
Adds funding for maintenance of MiResults system that enables development and tracking of standardized scorecards and dashboard reports for all state agencies. System was rolled out in April 2012 and is currently in development with completion expected in September 2014.	GF/GP	N/A	\$225,000	\$0
<b>15. One-Time Technology Services Funding</b>	<b>Gross</b>	<b>\$21,300,000</b>	<b>(\$14,400,000)</b>	<b>(\$6,900,000)</b>
Replaces current year's one-time technology services authorization of \$21.3 million IDG with \$6.9 million IDG to align authorization with agency funding requests. Consists of:	IDG	21,300,000	(14,400,000)	(6,900,000)
<ul style="list-style-type: none"> <li>\$2.5 million for DEQ electronic document management project (DEQ funds with GF/GP).</li> <li>\$2.0 million for the third and final year of a rewrite of an IT application for the Liquor Control Commission (LCC/LARA funds with restricted revenues).</li> <li>\$2.4 million for development of a mobile application for LARA's Unemployment Insurance Agency (LARA funds with restricted revenues).</li> </ul>				
<b>16. Align DTMB IT Funding with Agency Appropriations</b>	<b>Gross</b>	<b>\$477,153,800</b>	<b>\$15,437,600</b>	<b>\$0</b>
Includes technical IDG authorization increase to align DTMB's budget with state agencies' FY 2013-14 enacted appropriations for information technology services and projects.	IDG	477,153,800	15,437,600	0
<b>17. Align DTMB IT Funding with Agency Executive Recommendations for FY 2014-15</b>	<b>Gross</b>	<b>N/A</b>	<b>\$6,099,200</b>	<b>\$0</b>
Includes technical IDG authorization adjustments to align DTMB's budget with changes proposed to agency budgets under Executive Recommendation for FY 2014-15. Reflects changes proposed in budgets for Corrections, Human Services, LARA, Strategic Fund, State Police, and Treasury. Figures do not include IDG adjustment associated with transfer of MPSCS (see No. 2, above).	IDG	N/A	\$6,099,200	0
<b>18. Statewide Cost Allocation Plan Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>
Incorporates technical adjustments pertaining to statewide cost allocation plan.	IDG	N/A	110,000	0
	Restricted	N/A	(75,700)	0
	GF/GP	N/A	(\$34,300)	\$0
<b>19. State Building Authority (SBA) Rent Payments</b>	<b>Gross</b>	<b>\$258,570,600</b>	<b>(\$4,000,000)</b>	<b>\$0</b>
Includes a net reduction in funding for SBA rent payments to better align funding with debt obligations. Decreases of \$2.5 million for MDOC projects and \$11.6 million for other state agency projects are partially offset by increases of \$7.6 million for university projects and \$2.5 million for community college projects.	GF/GP	\$258,570,600	(\$4,000,000)	\$0
<b>20. University and Community College Capital Outlay Projects</b>	<b>Gross</b>	<b>N/A</b>	<b>\$300</b>	<b>(\$300)</b>
Provides one-time planning authorization for three new capital outlay projects, one each at Ferris State University (\$30.0 million, state share \$22.5 million), West Shore Community College (\$4.1 million, state share \$2.05 million), and Lake Michigan Community College (\$16.6 million, state share \$8.3 million).	GF/GP	N/A	\$300	(\$300)

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>21. Transfer State Building Authority (SBA) to Treasury</b>	FTE	4.0	(4.0)	0.0
Transfers funding and FTEs for State Building Authority to Treasury, as provided under Executive Order 2013-8. Funding for SBA rent payments would continue to be appropriated in DTMB budget.	<b>Gross</b>	<b>\$699,100</b>	<b>(\$699,100)</b>	<b>\$0</b>
	Restricted	699,100	(699,100)	0
	GF/GP	\$0	\$0	\$0
<b>22. Transfer ADA Staff to Civil Rights</b>	FTE	4.0	(4.0)	0.0
Transfers unit and funding associated with compliance activities under Americans with Disabilities Act (ADA) from DTMB to Department of Civil Rights. Of the \$583,400 total cost, only \$300,000 of GF/GP is being transferred to Civil Rights. The balance of the program's cost will be funded with an IDG from DTMB. An Executive Order to effect the administrative change is expected in March 2014.	<b>Gross</b>	<b>\$583,500</b>	<b>(\$300,000)</b>	<b>\$0</b>
	GF/GP	\$583,500	(\$300,000)	\$0
<b>23. MSU Combined Sewer Overflow Project</b>	<b>Gross</b>	<b>\$430,500</b>	<b>(\$430,500)</b>	<b>\$0</b>
Removes one-time funding provided under boilerplate appropriation in FY 2013-14 budget pertaining to work at the site of the former Michigan State Police headquarters. The budget act appropriated up to \$430,000 for combined sewer overflow connections to the municipal sewer system at the old headquarters site. Funding was appropriated following return of asbestos abatement funds by Michigan State University.	GF/GP	\$430,500	(\$430,500)	\$0
<b>24. Delta County Bridge</b>	<b>Gross</b>	<b>\$1,500,000</b>	<b>(\$1,500,000)</b>	<b>\$0</b>
Removes one-time funding in FY 2013-14 budget for removal of a deteriorated bridge over the Escanaba River.	GF/GP	\$1,500,000	(\$1,500,000)	\$0
<b>25. U.S. Department of Labor Funding</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,000,000)</b>	<b>\$0</b>
Includes technical adjustment to align federal funding authorization with amounts being received for collection and transmittal of labor statistics to federal authorities.	Federal	N/A	(1,000,000)	0
<b>26. Recognize Additional Accounting Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$42,500)</b>	<b>\$0</b>
Includes technical adjustment to recognize additional savings under consolidation of accounting services.	IDG	N/A	(42,500)	0
<b>27. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$7,519,000</b>	<b>\$0</b>
Reflects increased costs of \$7.5 million Gross (\$3.7 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	N/A	2,574,900	0
	Federal	N/A	183,200	0
	Local	N/A	49,900	0
	Private	N/A	0	0
	Restricted	N/A	970,900	0
	GF/GP	N/A	\$3,740,100	\$0

#### Major Boilerplate Changes From FY 2013-14

##### **Sec. 813. Motor Vehicle Fleet – REVISED**

Adds language to allow state budget director to adjust spending authorization and the IDG from the motor transport fund in order to ensure that fleet appropriations equal agency expenditures. Deletes language expressing legislative intent for fleet to utilize remanufactured parts.

##### **Sec. 822b. Enterprisewide IT Federal and State Restricted Funds – DELETED**

Appropriates federal and state restricted revenue for Enterprisewide IT investments up to the amounts earned based on initiatives undertaken with the General Fund appropriation.

##### **Sec. 822c. Former State Police Headquarters Re-Appropriation – DELETED**

Provides one-time boilerplate appropriation for combined sewer overflow project at former State Police headquarters in East Lansing.

##### **Sec. 822e. Detroit River International Crossing – DELETED**

Prohibits funds appropriated in Part 1 from being spent on the Detroit River International Crossing or any successor project unless approved by the Legislature and signed into law.

## **Major Boilerplate Changes From FY 2013-14**

### **Sec. 828. IT-Related Appropriations and Expenditures – DELETED**

Requires DTMB to report total funding appropriated for IT services and projects, by funding source, for all state departments; requires list of expenditures made from amounts received from DTMB.

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

Requires report with analysis and recommendations on life-cycles of IT hardware and software.

### **Sec. 830. Change Orders and Contract Extensions – DELETED**

Requires report on IT contract change orders and extensions greater than \$50,000.

### **Sec. 831. IT Innovation Revolving Fund – DELETED**

In conjunction with elimination of funding, deletes language providing for IT Innovation Revolving Fund.

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

Requires report on potential or actual federal penalties imposed for failure of Michigan Child Support Enforcement System to receive federal certification.

### **Sec. 890. Regional Prosperity Grants – REVISED**

Newly specifies that \$1.0 million of regional prosperity funding is to be used by DTMB to assist state agencies in delivering state services along regional boundaries. The remaining \$4.0 million in funding would be used for grants as currently provided, with the addition of requirements for grantees/eligible planning organizations to provide detailed grant project status reports and to post project information online. New language also would allow two or more regional planning organizations to submit a joint application.

<b><u>Supplemental Recommendations for FY 2013-14 Appropriations</u></b>		<b><u>FY 2013-14 Recommendation</u></b>
<b>1. Unified State of Michigan Web Portal</b>	<b>Gross</b>	<b>\$6,000,000</b>
Proposes \$6.0 million in one-time GF/GP funding for development of unified web portal for citizens to access state agency websites. Need may be forestalled if alternative proposal to self-fund through vendor fees is enacted.	GF/GP	\$6,000,000
<b>2. Professional Development Program</b>	<b>Gross</b>	<b>\$720,000</b>
Provides \$720,000 IDG authorization for ongoing costs of employee training and services under negotiated contract with UAW.	IDG	720,000
<b>3. MiResults Performance Metrics Project</b>	<b>Gross</b>	<b>\$700,000</b>
Provides \$700,000 in one-time GF/GP support for further development of MiResults performance metrics project. MiResults is an integrated system that enables development and tracking of scorecards and dashboard reports. System has grown significantly since its rollout in April 2012 as a tool for Department-level scorecards. Expected completion date is September 2014.	GF/GP	\$700,000
<b>4. Military Retirement</b>	<b>Gross</b>	<b>\$107,000</b>
Adds \$107,000 in ongoing GF/GP support for increased costs of military retirement system, administration of which transferred from Department of Military and Veterans' Affairs to DTMB in FY 2012-13.	GF/GP	\$107,000
<b>5. Reduce Appropriations for State Building Authority (SBA) Rent Payments</b>	<b>Gross</b>	<b>(\$23,935,300)</b>
Includes \$23.9 million net reduction in State Building Authority (SBA) rents, reflecting overall reduction in obligations.	GF/GP	(\$23,935,300)
<b>6. Cotton Correctional Facility Planning Grant</b>	<b>Gross</b>	<b>\$100,000</b>
Provides \$100,000 planning grant for conversion of Cotton Correctional Facility to specialized housing for geriatric and medically fragile prisoners.	GF/GP	\$100,000
<b>7. Construction Authorizations</b>	<b>Gross</b>	<b>\$500</b>
Provides construction authorizations for five college and university capital outlay projects approved in 2013 PA 102.	GF/GP	\$500
<b>Boilerplate: Emergency Operations Center Project Scope and Cost</b>	<b>Gross</b>	<b>N/A</b>
Includes language authorizing increase in project scope and cost for State Emergency Operations Center; associated federal and state funding provided in current-year Department of Military and Veterans Affairs budget.	GF/GP	N/A

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
DEPARTMENT OF TREASURY**



**Analyst: Ben Gielczyk**

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
<b>IDG/IDT</b>	\$9,130,000	\$9,409,100	\$279,100	3.1	\$9,409,100	\$0	0.0
<b>Federal</b>	39,410,400	39,705,200	294,800	0.7	39,705,200	0	0.0
<b>Local</b>	1,959,500	1,982,500	23,000	1.2	1,982,500	0	0.0
<b>Private</b>	22,000	23,100	1,100	5.0	23,100	0	0.0
<b>Restricted</b>	1,494,780,500	1,629,043,600	134,263,100	9.0	1,628,471,300	(572,300)	(0.0)
<b>GF/GP</b>	240,991,300	269,175,100	28,183,800	11.7	273,102,100	3,927,000	1.5
<b>Gross</b>	<b>\$1,786,293,700</b>	<b>\$1,949,338,600</b>	<b>\$163,044,900</b>	<b>9.1</b>	<b>\$1,952,693,300</b>	<b>\$3,354,700</b>	<b>0.2</b>
<b>FTEs</b>	1,794.5	1,832.5	38.0	2.1	1,817.5	(15.0)	(0.8)

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**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), Michigan State Housing and Development Authority (MSHDA), and the Michigan Strategic Fund (MSF) are autonomous agencies housed within the Department of Treasury. MSF changes are summarized separately.

<b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>1. Constitutional Revenue Sharing</b>	<b>Gross</b>	<b>\$737,257,700</b>	<b>\$27,669,900</b>	<b>\$28,227,700</b>
Provides \$27.7 million Gross (\$0 GF/GP) to adjust constitutional revenue sharing payments upward 3.8% in FY 2014-15 based on January Consensus Revenue Estimating Conference (CREC). Projected increase of \$28.2 million Gross (\$0 GF/GP) for FY 2015-16.	Restricted	737,257,700	27,669,900	28,227,700
<b>2. Economic Vitality Incentive Program</b>	<b>Gross</b>	<b>\$235,840,000</b>	<b>\$7,200,000</b>	<b>\$0</b>
Economic Vitality Incentive Program (EVIP) increased by \$7.2 million Gross (\$0 GF/GP) to provide 3.1% increase to 486 currently eligible local units.	Restricted	235,840,000	7,200,000	0
<b>3. Supplemental Economic Vitality Incentive Program</b>	<b>Gross</b>	<b>N/A</b>	<b>\$28,800,000</b>	<b>(\$28,000,000)</b>
Includes \$28.8 million Gross (\$0 GF/GP) one-time funding for an adjusted population per capita supplemental distribution to EVIP-eligible local units. Local unit population would be adjusted upward by 10% for each of the four criteria (See Boilerplate Sec. 952) a CVT qualified under. Only those 486 local units that currently qualify under EVIP would be eligible for Supplemental EVIP. Of the total amount, \$300,000 would support administration. One-time funding removed in FY 2015-16.	Restricted	N/A	28,000,000	(28,800,000)

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>Executive Changes</u>			
		<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>FY 2013-14 to FY 2014-15</u>	<u>FY 2014-15 to FY 2015-16</u>	
<b>4. County Revenue Sharing</b>	<b>Gross</b>	<b>\$145,760,000</b>	<b>\$65,440,000</b>	<b>\$0</b>	
Increases county payments by \$65.4 million Gross (\$0 GF/GP) to achieve full funding for eligible counties in FY 2014-15. Maintains 80% of funding distributed through county revenue sharing and 20% through County Incentive Program.		Restricted	145,760,000	65,440,000	0
<b>5. Competitive Grant Assistance Program</b>	<b>Gross</b>	<b>\$15,000,000</b>	<b>(\$10,000,000)</b>	<b>\$0</b>	
Reduces Competitive Grant Assistance Program by \$10.0 million Gross (\$0 GF/GP) from FY 2013-14.		Restricted	15,000,000	(10,000,000)	0
<b>6. Debt Service</b>	<b>Gross</b>	<b>\$154,202,500</b>	<b>(\$1,807,500)</b>	<b>\$7,427,000</b>	
Provides \$3.0 million GF/GP to replace remaining amount of Refined Petroleum Fund in Debt Service. Debt service adjustments also include a net decrease of \$1.8 million GF/GP for scheduled FY 2014-15 adjustments. Additional \$7.4 million GF/GP proposed for FY 2015-16 for new bond issues.		Restricted	3,014,500	(3,014,500)	0
		GF/GP	\$151,188,000	\$1,207,000	\$7,427,000
<b>7. Financial Independence Team</b>	FTE	N/A	9.0	0.0	
Includes \$6.5 million GF/GP and 9.0 FTEs for the Department of Treasury's portion of a joint request with the Department of Education for a Financial Independence Team that would assist financially troubled school districts.		<b>Gross</b>	<b>N/A</b>	<b>\$6,500,000</b>	<b>\$0</b>
		GF/GP	N/A	\$6,500,000	\$0
<b>8. Office of Tax Implementation</b>	FTE	N/A	9.0	0.0	
Includes \$1.6 million GF/GP and 9.0 FTEs to support new Office of Tax Implementation. The office would serve as a dedicated testing office to ensure all tax systems are properly tested.		<b>Gross</b>	<b>N/A</b>	<b>\$1,550,000</b>	<b>\$0</b>
		GF/GP	N/A	\$1,550,000	\$0
<b>9. Convention Facility Development Fund</b>	<b>Gross</b>	<b>\$74,850,000</b>	<b>\$16,100,000</b>	<b>\$0</b>	
Provides \$16.1 million Gross (\$0 GF/GP) in additional authorization due to expected increase in revenue collected to be distributed to local units.		Restricted	74,850,000	16,100,000	0
<b>10. Payments in Lieu of Taxes</b>	<b>Gross</b>	<b>\$17,347,100</b>	<b>\$867,400</b>	<b>\$0</b>	
Provides \$867,400 Gross (\$668,200 GF/GP) to cover expected 5.0% increase due to future purchases and estimated special assessment costs.		Private	22,000	1,100	0
		Restricted	3,962,200	198,100	0
		GF/GP	\$13,362,900	\$668,200	\$0
<b>11. Personal Property Tax Reform</b>	FTE	N/A	9.0	(9.0)	
Includes \$19.3 million GF/GP in one-time funding for two years for distribution of payments from the proceeds of the metropolitan area component tax. Additional \$1.5 million GF/GP and 9.0 FTEs in one-time funding included to support implementation of the personal property tax reform. One-time implementation funding removed in FY 2015-16 due to pending August 2014 ballot initiative.		<b>Gross</b>	<b>N/A</b>	<b>\$20,800,000</b>	<b>(\$1,500,000)</b>
		GF/GP	N/A	\$20,800,000	(\$1,500,000)
<b>12. Credit Card Payment Services</b>	FTE	N/A	6.0	(6.0)	
Includes \$2.0 million GF/GP and 6.0 FTEs to implement a program to accept credit card payments for individual income taxpayers. One-time funding and FTEs removed in FY 2015-16.		<b>Gross</b>	<b>N/A</b>	<b>\$2,000,000</b>	<b>(\$2,000,000)</b>
		GF/GP	N/A	\$2,000,000	(\$2,000,000)
<b>13. Treasury Systems Upgrades</b>	FTE	N/A	8.0	0.0	
Includes various data and system upgrades:		<b>Gross</b>	<b>N/A</b>	<b>\$1,601,000</b>	<b>\$0</b>
		IDG	N/A	200,000	0
<ul style="list-style-type: none"> <li>Tax System Technical Issues Resolution Unit: \$600,000 GF/GP and 6.0 FTEs</li> <li>Data Governance and Storage System Upgrade: \$401,000 GF/GP and 2.0 FTEs</li> <li>Student Scholarships and Grants System Upgrade and Maintenance: \$400,000 GF/GP</li> <li>International Fuel Tax Agreement Tax Return Processing Center: \$200,000 Gross (\$0 GF/GP)</li> </ul>		GF/GP	N/A	\$1,401,000	\$0

		<b>Executive Changes</b>			
		<b>FY 2013-14 YTD (as of 2/5/14)</b>	<b>FY 2013-14 to FY 2014-15</b>	<b>FY 2014-15 to FY 2015-16</b>	
<b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>					
<b>14. Fund Shifts</b>		<b>Gross</b>	<b>N/A</b>	<b>\$706,100</b>	<b>\$0</b>
Includes various fund shifts and adjustments totaling \$706,100		IDG	N/A	(41,900)	0
Gross (\$41,900 GF/GP):		Restricted	N/A	706,100	0
<ul style="list-style-type: none"> <li>Transfers State Building Authority from DTMB: \$699,100 Gross (\$0 GF/GP)</li> <li>MSHDA Director fringe benefit adjustment: \$7,000 Gross (\$0 GF/GP)</li> <li>Michigan Transportation Fund Adjustment: \$0 Gross (\$41,900 GF/GP)</li> </ul>		GF/GP	N/A	41,900	\$0
<b>15. Casino Gaming Adjustments</b>		<b>FTE</b>	<b>N/A</b>	<b>3.0</b>	<b>0.0</b>
Includes various new positions and funding totaling \$412,300		<b>Gross</b>	<b>N/A</b>	<b>\$412,300</b>	<b>\$0</b>
Gross (\$0 GF/GP) and 3.0 FTEs to support operations:		Restricted	N/A	412,300	0
<ul style="list-style-type: none"> <li>\$113,600 Gross (\$0 GF/GP) to support Attorney General position to help with review of illegal gaming.</li> <li>\$76,600 Gross (\$0 GF/GP) to support secretarial position assisting in Criminal Investigations subunit.</li> <li>\$76,600 Gross (\$0 GF/GP) to support secretarial position supporting millionaire parties, Office of Racing Commissioner, Indian Gaming Section, and IT staff.</li> <li>\$129,500 Gross (\$0 GF/GP) to fund programmer that would support new IT systems.</li> <li>\$16,000 Gross (\$0 GF/GP) to adjust costs to actual changes for Attorney General Review of Indian Gaming Activities.</li> </ul>					
<b>16. Removal of Other One-Time Appropriations</b>		<b>Gross</b>	<b>\$9,763,300</b>	<b>(\$9,763,300)</b>	<b>\$0</b>
Removes various FY 2013-14 one-time appropriations:		Restricted	3,000,000	(3,000,000)	0
<ul style="list-style-type: none"> <li>Treasury Sales, Use, and Withholding Replacement: \$1.8 million GF/GP</li> <li>Michigan Gaming Control Board System Replacement: \$3.0 million Gross (\$0 GF/GP)</li> <li>Office of Fiscal Responsibility: \$5.0 million GF/GP</li> </ul>		GF/GP	\$6,763,300	(\$6,763,300)	\$0
<b>17. Economic Adjustments</b>		<b>Gross</b>	<b>N/A</b>	<b>\$4,969,000</b>	<b>\$0</b>
Reflects increased costs of \$5.0 million Gross (\$779,000 GF/GP)		IDG	N/A	121,000	0
for negotiated salary and wage amounts (2.0% ongoing increase		Federal	N/A	294,900	0
plus 0.5% lump sum payments), actuarially-required retirement		Local	N/A	23,000	0
rate increases, and other economic adjustments. Insurance costs		Restricted	N/A	3,751,100	0
held flat due to recent state employee health plan revisions.		GF/GP	N/A	\$779,000	\$0

### **Major Boilerplate Changes From FY 2013-14**

#### **Executive Boilerplate Deletions**

In general, the Executive Budget deletes many sections of boilerplate including legislative reporting requirements, providing guidance, and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections or language deleted.

#### **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 the duration of the debt, and the projected change in present value of the debt service due to the refinancing.

#### **Sec. 946. Convention Facility Development Fund Distribution – NEW**

Specifies that revenue collected in the Convention Facility Development Fund is appropriated and distributed according to the Convention Facility Development Act.

**Major Boilerplate Changes From FY 2013-14**

**Sec. 951. Competitive Grant Assistance Program – REVISED**

Includes direction for distribution of \$15.0 million appropriated for assistance grants to cities, villages, townships, and counties that elect to merge government services via a Competitive Grant Assistance Program; \$10.0 million of total available funding considered one-time appropriation. Includes authorities, school districts, ISDs, public community colleges, and public universities; includes work project language; and continues to make available unclaimed EVIP funds. Revises language to state that consideration may be given for projects that result in more efficient government services through increased cooperation and/or collaboration; amount appropriated revised to \$5.0 million.

**Sec. 952. Economic Vitality Incentive Program and County Incentive Program – REVISED**

Specifies three category requirements for cities, villages, townships, and counties to meet to receive funding under the Economic Vitality Incentive Program and County Incentive Program. Creates bifurcated system whereby CVTs and counties that did not previously participate in the program would retain the FY 2012-13 requirements, while those CVTs that participated in FY 2012-13 would be required to meet new benchmarks. Changes distribution method to allow for partial payments and ties each bi-monthly payment to a specific category. Language revised to create Ongoing and Supplemental (One-Time) EVIP Programs; Ongoing EVIP keeps three category requirements but offers alternative method of qualifying for eligible payment by meeting 4 standards outlined in boilerplate. New Supplemental EVIP provides for adjusted population per capita distribution of \$28.5 million appropriated as one-time. Population would be adjusted upward by 10% for each of the four criteria a CVT qualified under.

**BUREAU OF STATE LOTTERY**

**Sec. 963. Department of Human Services Bridge Cards – DELETED**

Requires Lottery to notify lottery retailers that DHS bridge cards are not to be used to purchase lottery tickets.

**STATE BUILDING AUTHORITY**

Executive Recommendation transfers the following State Building Authority (SBA) boilerplate sections from DTMB to the Department of Treasury:

- Sec. 840. General Fund Advances (Sec. 1100)
- Sec. 841. Excess Facility Revenue (Sec. 1101)
- Sec. 843. Status of Construction Projects (Sec. 1103)

<b><u>Supplemental Recommendations for FY 2013-14 Appropriations</u></b>		<b><u>FY 2013-14 Recommendation</u></b>
<b>1. Convention Facility Development Fund</b>	<b>Gross</b>	<b>\$11,500,000</b>
Provides \$11.5 million Gross (\$0 GF/GP) in additional authorization due to expected increase in revenue collected to be distributed to local units.	Restricted	11,500,000
<b>2. Workload Management and Distribution</b>	<b>Gross</b>	<b>\$3,900,000</b>
Provides boilerplate work project authorization for remaining \$3.9 million GF/GP of Tax Plan Implementation funds to support implementation of new workload management and distribution system for tax processing.	GF/GP	\$3,900,000

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
DEPARTMENT OF TREASURY - MICHIGAN STRATEGIC FUND**



Analyst: Ben Gielczyk

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	638,370,300	637,370,300	(1,000,000)	(0.2)	637,370,300	0	0.0
Local	4,433,500	4,433,500	0	0.0	4,433,500	0	0.0
Private	5,454,900	5,654,900	200,000	3.7	5,654,900	0	0.0
Restricted	141,851,300	142,678,700	827,400	0.6	142,678,700	0	0.0
GF/GP	218,163,900	229,292,500	11,128,600	5.1	214,292,500	(15,000,000)	(6.5)
<b>Gross</b>	<b>\$1,008,273,900</b>	<b>\$1,019,429,900</b>	<b>\$11,156,000</b>	<b>1.1</b>	<b>\$1,004,429,900</b>	<b>(\$15,000,000)</b>	<b>(1.5)</b>
FTEs	756.0	756.0	0.0	0.0	756.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**Overview**

The Michigan Strategic Fund (MSF) contains programs that work with existing Michigan businesses and communities to retain and expand jobs through coordination of business assistance services through interdisciplinary account management teams and other economic development services. These programs build partnerships with local, state, and federal economic development agencies and the business community to coordinate and leverage resources and improve the State's business climate. The MSF has administrative responsibilities over Workforce Investment Act activities, Community Development Block Grants, GEAR-UP grants, Carl D. Perkins grants, adult education, Bureau of Energy Systems, postsecondary education services, and welfare-to-work programs. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund. Michigan State Housing Development Authority (MSHDA) is an autonomous agency within the MSF. Under Executive Order 2011-4, the MSF supervises and directs the budgeting, procurement, and related management function of the MSHDA.

<b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
<b>1. University Engineering Talent Investment Program</b>	<b>Gross</b>	<b>N/A</b>	<b>\$7,900,000</b>	<b>\$0</b>
Includes \$7.9 million GF/GP for annual debt service on \$100.0 million in bonds associated with the new Engineering Talent Investment Program. The Michigan Strategic Fund (MSF) would distribute the funds on a competitive basis for capital improvements to facilities providing instructional, laboratory, or research support to engineering programs. Universities would be required to provide a minimum 25% match of the total project cost.	GF/GP	N/A	\$7,900,000	\$0
<b>2. Community College Skilled Trades Equipment Program</b>	<b>Gross</b>	<b>N/A</b>	<b>\$4,600,000</b>	<b>\$0</b>
Includes \$4.6 million GF/GP for annual debt service on \$50.0 million in bonds associated with the new Community College Skilled Trades Equipment Program. The MSF would distribute the funds on a competitive basis for upgrades of instructional equipment with the latest technologies to assist in high-demand and high-skilled trade occupations training. Colleges would be required to provide a minimum 25% match of the total project cost.	GF/GP	N/A	\$4,600,000	\$0

<b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>		<b>FY 2013-14 YTD (as of 2/5/14)</b>	<b>Executive Changes</b>	
			<b>FY 2013-14 to FY 2014-15</b>	<b>FY 2014-15 to FY 2015-16</b>
<b>3. Business Attraction and Community Revitalization</b>	<b>Gross</b>	<b>\$120,000,000</b>	<b>\$18,500,000</b>	<b>(\$10,000,000)</b>
Includes additional \$18.5 million Gross (\$15.0 million GF/GP) to support Business Attraction and Community Revitalization projects. Provides additional \$15.0 million GF/GP (\$10.0 million GF/GP considered one-time) to support community revitalization projects. Moves \$24.8 million GF/GP that was considered one-time appropriations in FY 2013-14 to the ongoing line item. Shifts \$3.5 million Gross (\$0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. One-time funding totaling \$10.0 million GF/GP removed in FY 2015-16.	Restricted	17,500,000	3,500,000	0
	GF/GP	\$102,500,000	\$15,000,000	(\$10,000,000)
<b>4. Entrepreneurship Eco-System</b>	<b>Gross</b>	<b>\$28,500,000</b>	<b>(\$3,500,000)</b>	<b>\$0</b>
Shifts \$3.5 million Gross (\$0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. See #3.	Restricted	28,500,000	(3,500,000)	0
<b>5. Film Incentives</b>	<b>Gross</b>	<b>\$50,000,000</b>	<b>(\$25,000,000)</b>	<b>\$0</b>
Includes \$25.0 million GF/GP film incentives which is a reduction of \$25.0 million GF/GP from FY 2013-14. Funding is reclassified from one-time to ongoing.	GF/GP	\$50,000,000	(\$25,000,000)	\$0
<b>6. Pure Michigan</b>	<b>Gross</b>	<b>\$29,000,000</b>	<b>\$2,000,000</b>	<b>\$0</b>
Provides \$2.0 million GF/GP to increase support for Pure Michigan marketing campaign. Funds would be used to expand current advertising campaign for spring/summer and enhance international marketing in Canada, Europe, and Asia.	Restricted	29,000,000	0	0
	GF/GP	\$0	\$2,000,000	\$0
<b>7. Arts and Cultural Grants</b>	<b>Gross</b>	<b>\$8,150,000</b>	<b>\$2,000,000</b>	<b>\$0</b>
Provides \$2.0 million GF/GP to increase support for arts and cultural grants to local communities.	Federal	1,050,000	0	0
	Private	100,000	0	0
	GF/GP	\$7,000,000	\$2,000,000	\$0
<b>8. Automotive, Engineering, and Manufacturing Technology Fund</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,000,000</b>	<b>(\$5,000,000)</b>
Includes \$5.0 million GF/GP in one-time funding for new program to assist in the global marketing of Michigan's automotive sector and public-private partner engagement and collaborations within the auto industry. Funding removed in FY 2015-16.	GF/GP	N/A	\$5,000,000	(\$5,000,000)
<b>9. Land Bank Fast Track Authority – MSHDA</b>	FTEs	6.0	0.0	0.0
Includes \$4.0 million GF/GP to support Land Bank Fast Track Authority Good Neighbor Program (\$2.0 million GF/GP) and operations (\$2.0 million GF/GP). Land Bank shifted to MSHDA.	<b>Gross</b>	<b>\$1,300,000</b>	<b>\$3,950,000</b>	<b>\$0</b>
	Federal	1,000,000	0	0
	Restricted	300,000	0	0
	GF/GP	\$0	\$3,950,000	\$0
<b>10. Removal of Special Projects</b>	<b>Gross</b>	<b>\$4,650,000</b>	<b>(\$4,625,000)</b>	<b>\$0</b>
Eliminates \$4.6 million GF/GP in projects included in the Job Creation Services line item. Projects included grants to Kalamazoo Valley Community College (\$2.0 million GF/GP); Grand Rapids Public Museum (\$2.0 million GF/GP); Holland Windmill Restoration (\$375,000 GF/GP); and Chaldean Association (\$200,000).	GF/GP	\$4,650,000	(\$4,625,000)	\$0
<b>11. Technical Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,291,900)</b>	<b>\$0</b>
Adjusts various line items by \$1.3 million Gross (\$0 GF/GP) to align funding with anticipated revenues and expenditures.	Federal	N/A	(1,448,800)	0
	Private	N/A	156,900	0

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>Executive Changes</u>	
			<u>FY 2013-14 to FY 2014-15</u>	<u>FY 2014-15 to FY 2015-16</u>
<b>12. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,622,900</b>	<b>\$0</b>
Reflects increased costs of \$1.6 million Gross (\$303,600 GF/GP) for MSF and \$818,300 Gross (\$0 GF/GP) for MSHDA for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	Federal	N/A	448,800	0
	Private	N/A	43,100	0
	Restricted	N/A	827,400	0
	GF/GP	N/A	\$303,600	\$0

### Major Boilerplate Changes From FY 2013-14

#### **Executive Boilerplate Deletions**

In general, the Executive Budget deletes many sections of boilerplate including legislative reporting requirements, providing guidance, and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections or language deleted.

#### **Sec. 1034. Business Incubator Program – DELETED**

Requires each of the 10 business incubators that received awards in FY 2012-13 from the Innovation and Entrepreneurship line item to submit a dashboard of indicators to gauge performance. Indicates intent of the legislature that any additional funding be based on performance of the business incubator.

#### **Sec. 1034b. Van Andel Institute Funding – DELETED**

Requires \$500,000 of the funding appropriated for Innovation and Entrepreneurship be used to provide a grant to the Van Andel Institute to be used as a match for funding received from the department of defense and the national institutes of health for advanced medical research.

#### **Sec. 1040. MAIN System Reporting – DELETED**

Requires MSF to use MAIN or a DTMB-administered successor program to report encumbrances and expenditures

#### **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, 2014.

#### **Sec. 1051. Engineering Talent Investment Program Debt Service – NEW**

Stipulates that no long-term indebtedness shall be issued by the MSF until the MSF board approves the RFP and guidelines for the Engineering Talent Investment Program. Specifies that up to \$100.0 million shall be made available for capital improvements at public universities that are necessary to enhance talent critical to Michigan's economic growth. Program awards shall be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for universities. Provides guidelines for program and requirements for universities participating in program. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects.

#### **Sec. 1052. Community College Skilled Trades Equipment Program Debt Service – NEW**

Stipulates that no long-term indebtedness shall be issued by the MSF until the MSF board approves the RFP and guidelines for the Community College Skilled Trades Equipment Program. Specifies that up to \$50.0 million shall be made available for equipment and related investments at community colleges to deliver educational programs in high-wage, high-skill, and high-demand occupations, as identified by regional labor market conditions. Awards shall be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for community colleges. Provides guidelines for program and requirements for community colleges participating in program. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects.