

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning

House Bill No. 5306, entitled

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2017; and to provide for the expenditure of the appropriations.

Recommends:

First: That the Senate recede from the Substitute of the Senate as passed by the Senate.

Second: That the House and Senate agree to the Substitute of the House as passed by the House, amended to read as follows:

(attached)

Third: That the House and Senate agree to the title of the bill to read as follows:

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2017; and to provide for the expenditure of the appropriations.

Chris Afendoulis

Marty Knollenberg

Michael D. McCready

Jim Marleau

Pam Faris

Coleman Young II

Conferees for the House

Conferees for the Senate

**SUBSTITUTE FOR
HOUSE BILL NO. 5306**

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2017; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1
2
3
4
5
6
7
8
9
10

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of insurance and financial services for the fiscal year ending September 30, 2017, from the following funds:

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

APPROPRIATION SUMMARY

Full-time equated unclassified positions..... 6.0

Full-time equated classified positions..... 336.5

GROSS APPROPRIATION..... \$ 66,257,200

1	Interdepartmental grant revenues:		
2	Total interdepartmental grants and intradepartmental		
3	transfers		707,600
4	ADJUSTED GROSS APPROPRIATION.....	\$	65,549,600
5	Federal revenues:		
6	Total federal revenues.....		2,000,000
7	Special revenue funds:		
8	Total local revenues.....		0
9	Total private revenues.....		0
10	Total other state restricted revenues.....		63,399,600
11	State general fund/general purpose.....	\$	150,000
12	State general fund/general purpose schedule:		
13	Ongoing state general fund/general		
14	purpose		150,000
15	One-time state general fund/general		
16	purpose		0
17	Sec. 102. DEPARTMENT SERVICES		
18	Full-time equated unclassified positions.....		6.0
19	Full-time equated classified positions.....		22.5
20	Unclassified salaries--6.0 FTE positions.....	\$	746,500
21	Executive director programs--3.5 FTE positions.....		1,059,200
22	Department services--19.0 FTE positions.....		3,730,700
23	Property management.....		1,175,700
24	Worker's compensation.....		5,200
25	Administrative hearings.....		182,500
26	Information technology services and projects.....		<u>2,216,100</u>
27	GROSS APPROPRIATION.....	\$	9,115,900

1	Appropriated from:		
2	Special revenue funds:		
3	Bank fees.....		801,600
4	Captive insurance regulatory and supervision fund....		3,900
5	Consumer finance fees.....		355,800
6	Credit union fees.....		1,056,800
7	Deferred presentment service transaction fees.....		469,900
8	Insurance bureau fund.....		2,829,300
9	Insurance continuing education fund.....		90,500
10	Insurance licensing and regulation fees.....		2,537,300
11	MBLSLA fund.....		819,600
12	Multiple employer welfare arrangement.....		1,200
13	State general fund/general purpose.....	\$	150,000
14	Sec. 103. INSURANCE AND FINANCIAL SERVICES		
15	REGULATION		
16	Full-time equated classified positions.....	314.0	
17	Insurance evaluation--54.0 FTE positions.....		\$ 12,908,900
18	Insurance rates and forms--30.0 FTE positions.....		5,942,500
19	Financial institutions evaluation--132.0 FTE positions		24,212,800
20	Regulatory compliance, market conduct, and licensing--		
21	34.0 FTE positions		5,482,000
22	Consumer services and protection--64.0 FTE positions .		<u>8,595,100</u>
23	GROSS APPROPRIATION.....		\$ 57,141,300
24	Appropriated from:		
25	Interdepartmental grant revenues:		
26	IDG - LARA, for debt management.....		707,600
27	Federal revenues:		

1	Federal revenues.....	2,000,000
2	Special revenue funds:	
3	Bank fees.....	6,018,100
4	Captive insurance regulatory and supervision fund....	282,900
5	Consumer finance fees.....	3,061,000
6	Credit union fees.....	7,968,800
7	Deferred presentment service transaction fees.....	3,293,200
8	Insurance bureau fund.....	20,988,400
9	Insurance continuing education fund.....	995,000
10	Insurance licensing and regulation fees.....	6,004,500
11	MBLSLA fund.....	5,540,100
12	Multiple employer welfare arrangement.....	281,700
13	State general fund/general purpose.....	\$ 0

14 PART 2

15 PROVISIONS CONCERNING APPROPRIATIONS

16 FOR FISCAL YEAR 2016-2017

17 **GENERAL SECTIONS**

18 Sec. 201. Pursuant to section 30 of article IX of the state
19 constitution of 1963, total state spending from state resources
20 under part 1 for fiscal year 2016-2017 is \$63,549,600.00 and state
21 spending from state resources to be paid to local units of
22 government for fiscal year 2016-2017 is \$0.

23 Sec. 202. The appropriations authorized under this part and
24 part 1 are subject to the management and budget act, 1984 PA 431,
25 MCL 18.1101 to 18.1594.

1 Sec. 203. As used in this part and part 1:

2 (a) "Department" means the department of insurance and
3 financial services.

4 (b) "Director" means the director of the department.

5 (c) "Fiscal agencies" means Michigan house fiscal agency and
6 Michigan senate fiscal agency.

7 (d) "FTE" means full-time equated.

8 (e) "IDG" means interdepartmental grant.

9 (f) "LARA" means the department of licensing and regulatory
10 affairs.

11 (g) "MBLSLA fund" means the restricted account established
12 under section 8 of the mortgage brokers, lenders, and servicers
13 licensing act, 1987 PA 173, MCL 445.1658.

14 (h) "Subcommittees" means the subcommittees of the house of
15 representatives and senate appropriations committees with
16 jurisdiction over the budget for the department.

17 Sec. 204. The departments and agencies receiving
18 appropriations in this part and part 1 shall use the Internet to
19 fulfill the reporting requirements of this part. This requirement
20 may include transmission of reports via electronic mail to the
21 recipients identified for each reporting requirement, or it may
22 include placement of reports on an Internet or Intranet site.

23 Sec. 205. Funds appropriated in this part and part 1 shall not
24 be used for the purchase of foreign goods or services, or both, if
25 competitively priced and of comparable quality American goods or
26 services, or both, are available. Preference shall be given to
27 goods or services, or both, manufactured or provided by Michigan

1 businesses, if they are competitively priced and of comparable
2 quality. In addition, preference shall be given to goods or
3 services, or both, that are manufactured or provided by Michigan
4 businesses owned and operated by veterans, if they are
5 competitively priced and of comparable quality.

6 Sec. 206. The director shall take all reasonable steps to
7 ensure businesses in deprived and depressed communities compete for
8 and perform contracts to provide services or supplies, or both. The
9 director shall strongly encourage firms with which the department
10 contracts to subcontract with certified businesses in depressed and
11 deprived communities for services, supplies, or both.

12 Sec. 207. (1) Out-of-state travel shall be limited to
13 situations in which 1 or more of the following conditions apply:

14 (a) The travel is required by legal mandate or court order or
15 for law enforcement purposes.

16 (b) The travel is necessary to protect the health or safety of
17 Michigan citizens or visitors or to assist other states in similar
18 circumstances.

19 (c) The travel is necessary to produce budgetary savings or to
20 increase state revenues, including protecting existing federal
21 funds or securing additional federal funds.

22 (d) The travel is necessary to comply with federal
23 requirements.

24 (e) The travel is necessary to secure specialized training for
25 staff that is not available within this state.

26 (f) The travel is financed entirely by federal or nonstate
27 funds.

1 (2) The department shall not approve the travel of more than 1
2 departmental employee to a specific professional development
3 conference or training seminar that is located outside of this
4 state unless a professional development conference or training
5 seminar is funded by a federal or private funding source and
6 requires more than 1 person from a department to attend, or the
7 conference or training seminar includes multiple issues in which 1
8 employee from the department does not have expertise.

9 (3) Not later than January 1, the department shall prepare a
10 travel report listing all travel by classified and unclassified
11 employees outside this state in the immediately preceding fiscal
12 year that was funded in whole or in part with funds appropriated in
13 the department's budget. The report shall be submitted to the
14 senate and house of representatives standing committees on
15 appropriations, the fiscal agencies, and the state budget director.
16 The report shall include the following information:

17 (a) The name of each person receiving reimbursement for travel
18 outside this state or whose travel costs were paid by this state.

19 (b) The destination of each travel occurrence.

20 (c) The dates of each travel occurrence.

21 (d) A brief statement of the reason for each travel
22 occurrence.

23 (e) The transportation and related costs of each travel
24 occurrence, including the proportion funded with state general
25 fund/general purpose revenues, the proportion funded with state
26 restricted revenues, the proportion funded with federal revenues,
27 and the proportion funded with other revenues.

1 (f) A total of all out-of-state travel funded for the
2 immediately preceding fiscal year.

3 Sec. 208. Funds appropriated in this part and part 1 shall not
4 be used by a principal executive department, state agency, or
5 authority to hire a person to provide legal services that are the
6 responsibility of the attorney general. This prohibition does not
7 apply to legal services for bonding activities and for those
8 outside services that the attorney general authorizes.

9 Sec. 209. Not later than November 30, the state budget office
10 shall prepare and transmit a report that provides for estimates of
11 the total general fund/general purpose appropriation lapses at the
12 close of the prior fiscal year. This report must summarize the
13 projected year-end general fund/general purpose appropriation
14 lapses by major departmental program or program areas. The report
15 shall be transmitted to the chairpersons of the senate and house of
16 representatives appropriations committees and the fiscal agencies.

17 Sec. 210. (1) In addition to the funds appropriated in part 1,
18 there is appropriated an amount not to exceed \$1,000,000.00 for
19 federal contingency funds.

20 (2) In addition to the funds appropriated in part 1, there is
21 appropriated an amount not to exceed \$5,000,000.00 for state
22 restricted contingency funds.

23 (3) Funds appropriated under this section are not available
24 for expenditure until they have been transferred to another line
25 item in part 1 under section 393(2) of the management and budget
26 act, 1984 PA 431, MCL 18.1393.

27 Sec. 211. The department shall cooperate with the department

1 of technology, management, and budget to maintain a searchable
2 website accessible by the public at no cost that includes, but is
3 not limited to, all of the following for each department or agency:

4 (a) Fiscal-year-to-date expenditures by category.

5 (b) Fiscal-year-to-date expenditures by appropriation unit.

6 (c) Fiscal-year-to-date payments to a selected vendor,
7 including the vendor name, payment date, payment amount, and
8 payment description.

9 (d) The number of active department employees by job
10 classification.

11 (e) Job specifications and wage rates.

12 Sec. 212. Within 14 days after the release of the executive
13 budget recommendation, the department shall cooperate with the
14 state budget office to provide the senate and house of
15 representatives appropriations chairs, the subcommittees chairs,
16 and the fiscal agencies with an annual report on estimated state
17 restricted fund balances, state restricted fund projected revenues,
18 and state restricted fund expenditures for the immediately
19 preceding and current fiscal years.

20 Sec. 213. The department shall maintain, on a publicly
21 accessible website, a department scorecard that identifies, tracks,
22 and regularly updates key metrics that are used to monitor and
23 improve the department's performance.

24 Sec. 214. Total authorized appropriations from all sources in
25 part 1 for legacy costs for the fiscal year ending September 30,
26 2017 are \$10,214,700.00. From this amount, total agency
27 appropriations for pension-related legacy costs are estimated at

1 \$5,663,800.00. Total agency appropriations for retiree health care
2 legacy costs are estimated at \$4,550,900.00.

3 Sec. 215. Unless prohibited by law, the department may accept
4 credit card or other electronic means of payment for licenses,
5 fees, or permits.

6 Sec. 216. In addition to the metrics required under section
7 447 of the management and budget act, 1984 PA 431, MCL 18.1447, for
8 each new program or program enhancement for which funds in excess
9 of \$500,000.00 are appropriated in part 1, the department shall
10 provide not later than November 1 a list of program-specific
11 metrics intended to measure its performance based on a return on
12 taxpayer investment. The department shall deliver the program-
13 specific metrics to members of the senate and house of
14 representatives subcommittees that have subject matter jurisdiction
15 for this budget, fiscal agencies, and the state budget director.
16 The department shall provide an update on its progress in tracking
17 program-specific metrics and the status of program success at an
18 appropriations subcommittee meeting called for by the subcommittee
19 chair.

20 Sec. 217. The department and agencies receiving appropriations
21 in this part and part 1 shall receive and retain copies of all
22 reports funded from appropriations in this part and part 1. Federal
23 and state guidelines for short-term and long-term retention of
24 records shall be followed. The department may electronically retain
25 copies or reports unless otherwise required by federal and state
26 guidelines.

27 Sec. 218. The department shall not take disciplinary action

1 against an employee for communicating with a member of the
2 legislature or his or her staff.

3 Sec. 219. The department shall not develop or produce any
4 television or radio productions.

5 Sec. 220. The department, in conjunction with the department
6 of health and human services, shall maintain an accounting
7 structure within the Michigan administrative information network
8 that will allow expenditures associated with the administration of
9 the Healthy Michigan plan to be identified. By October 1, if there
10 are changes from the previous fiscal year, the department shall
11 provide the state budget office and the fiscal agencies with the
12 relevant accounting structure and associated business objects
13 script and report that group's administrative costs.

14 Sec. 221. The amount appropriated from the general fund in
15 part 1 for executive director program may only be expended to
16 comply with reporting requirements regarding the Healthy Michigan
17 plan under section 105d(9) of the social welfare act, 1939 PA 280,
18 MCL 400.105d.

19 **INSURANCE AND FINANCIAL SERVICES REGULATION**

20 Sec. 301. The department shall provide a report to the
21 legislature based on the annual rate filings from health insurance
22 issuers that includes all of the following:

23 (a) The number that are approved by the department.

24 (b) The number that are denied by the department.

25 (c) The percentage of rate filings processed within the
26 applicable statutory time frames.

1 (d) The average number of calendar days to process rate
2 filings.

3 (e) An estimated percentage of this state's population that is
4 without any form of health insurance coverage for more than 6
5 months in any given calendar year.

6 Sec. 302. In addition to the funds appropriated in part 1, the
7 funds collected by the department in connection with a
8 conservatorship under section 32 of the mortgage brokers, lenders,
9 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds
10 collected by the department from corporations being liquidated
11 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to
12 500.8302, shall be appropriated for all expenses necessary to
13 provide for the required services. Funds are available for
14 expenditure when they are received by the department of treasury
15 and shall not lapse to the general fund at the end of the fiscal
16 year.

17 Sec. 303. The department may make available to interested
18 entities customized listings of nonconfidential information in its
19 possession. The department may establish and collect a reasonable
20 charge to provide this service. The revenue from this service is
21 appropriated when received and shall be used to offset expenses to
22 provide the service. Any balance of this revenue collected and
23 unexpended at the end of the fiscal year shall lapse to the
24 appropriate restricted fund.