



**APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY**

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**  
**PART 1: LINE ITEM DETAIL**

**2016 PA 268**  
**Article XI**  
**FY 2016-17**  
**Initial**

**SEC. 101. APPROPRIATION SUMMARY**

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|----|--|-------------------|
| 1. | <u>Unclassified full-time equated (FTE) positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, a limited number of policy-making positions in departments, members of boards and commissions, employees of State institutions of higher education, employees of the Judiciary, and employees of the Legislature. | 6.0               |
| 2. | <u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.   | 336.5             |
| 3. | <b><u>GROSS APPROPRIATION</u></b> - Total appropriations   | <b>66,257,200</b> |
| 4. | <u>Interdepartmental grants (IDG)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total Statewide appropriations.  | 707,600           |
| 5. | <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.  | 65,549,600        |
| 6. | <u>Federal revenue</u> - Funding allocated to the State by the Federal government.   | 2,000,000         |
| 7. | <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.   | 63,399,600        |
| 8. | <u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on how it is used. Approximately 90% of the general fund/general purpose (GF/GP) revenue is derived from the income, corporate income, sales, and use taxes.  | 150,000           |

**SEC. 102. DEPARTMENT SERVICES**

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|----|--|---------|
| 1. | <u>Unclassified salaries</u>   | 746,500 |
|    | Unclassified FTE positions   | 6.0     |
|    | Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, a limited number of policy-making positions in departments, members of boards and commissions, employees of State institutions of higher education, employees of the Judiciary, and employees of the Legislature. |         |

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2.	<u>Executive director programs</u>	1,059,200
	Classified FTE positions	3.5
	This line provides funding to support the costs of the staff and administration of the Department Director's Executive Office.	
3.	<u>Department services</u>	3,730,700
	Classified FTE positions	19.0
	This line provides funding for the Department's administrative bureaus including Finance, Personnel, Budgeting, Purchasing and Grant Services, and Federal reporting.	
3.	<u>Property Management</u>	1,175,700
	This line provides funding to support leases with the Department of Management and Budget, for space occupied by DIFS in State-owned buildings. These leases are statewide.	
4.	<u>Workers' compensation</u>	5,200
	This line supports the Department's obligations for workers' compensation premiums and reserve funds.	
5.	<u>Administrative hearings</u>	182,500
	This appropriation covers expenses incurred by DIFS for any administrative hearings conducted on the Department's behalf. Administrative hearings are conducted by the Michigan Administrative Hearing System in LARA and billed to the appropriate department.	
6.	Information technology services and projects	2,216,100
	This line supports the information technology services provided by the Department of Technology, Management and Budget.	

**SEC. 103. INSURANCE AND FINANCIAL SERVICES REGULATION**

1.	<u>Insurance evaluation</u>	12,908,900
	Classified FTE positions	54.0
	This line-item provides funding for the monitoring and regulation of insurance companies. The responsibilities of the Office of Insurance Evaluation include: processing applications for licensure from insurance companies, financial examination and monitoring of insurance companies, monitoring and examination of captive insurers, and other similar responsibilities as required by law.	
2.	<u>Insurance rates and forms</u>	5,942,500
	Classified FTE positions	30.0
	The Office of Insurance Rates and Forms is responsible for the enforcement of statutory requirements as they pertain to the calculation of policy rates and the various forms used by insurance companies operating in the State.	

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3.	<u>Financial institutions evaluation</u>	24,212,800
	Classified FTE positions	132.0
	This line provides funding for the following areas:	
	A. Bank and Trust Division. Charters, examines, and supervises chartered banks, savings banks, savings and loan associations, and BIDCOs (Business and Industrial Development Corporation).	
	B. Credit Union Division. Annually examines the State-chartered credit unions.	
	C. Mortgage and Consumer Finance Section. This unit supervises consumer financial service, credit cards, mortgage brokers, lenders and services; motor vehicle sales finance; and secondary mortgage loans. In FY 2010-11, 10.0 FTEs and \$646,500 were added to establish regular (two- to three-year intervals) examinations cycles for securities broker-dealers and investment advisors.	
	D. Enterprise Monitoring Division. Processes applications for new State-chartered financial institutions, those requesting changes in corporate structure, and those requesting capital enhancement. This division also evaluates large, complex, and diversified in-State financial service organizations, and administers the risk assessment program.	
4.	<u>Regulatory compliance, market conduct, and licensing</u>	5,482,000
	Classified FTE positions	34.0
	This line provides funding for the Office of Insurance Licensing and Market Conduct. The Office licenses insurance producers, solicitors, counselors, risk retention groups, purchasing groups and other regulated insurance entities. Additionally, the Office reviews the conduct of insurers and audits insurance agents and companies.	
5.	<u>Consumer services and protection</u>	8,595,100
	Classified FTE positions	64.0
	The Office of Consumer Services consists of the Communication Center Section which responds to inquiries regarding insurance, banking, mortgage loans, and other financial services. The Consumer Assistance Section reviews, evaluates, and performs dispute resolutions for all of the regulated insurance and financial institutions. The Office also encompasses the media relations section.	

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES  
PART 2: BOILERPLATE DETAIL  
2016 PA 268 ARTICLE XI**

**Section**

**Number Description and History**

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**STANDARD LANGUAGE SECTIONS**

- 201     **Total State Spending in Part 1.** Total State spending and payments to local reporting section for appropriation made in Part 1.  
**Background:** This section states the total State spending from State resources in this bill and lists the total payments to local units of government. This is a standard boilerplate section contained in all appropriations bills pursuant to 1984 PA 431.
- 202     **Management and Budget Act.** States that appropriations authorized under this Act are subject to the Management and Budget Act.  
**Background:** This is a standard section contained in all appropriations bills.
- 203     **Definitions.** Definitions and acronyms contained in the Act.  
**Background:** This is a standard section contained in all appropriations bills.
- 204     **Internet Reporting.** Requires the Department is to use the Internet to fulfill reporting requirements of this act.  
**Background:** This language was first included in FY 1999-2000.
- 205     **Buy American.** Prohibits the use of funds for purchase of foreign goods or services if competitively priced American goods or services are available. Requires that preference also be given to Michigan-based companies and veteran-owned and operated companies.  
**Background:** This language was first put in the appropriations bill in FY 1992-93. It is standard in most appropriations bills. The language was modified for FY 2007-08 to include a preference for veterans.
- 206     **Deprived and Depressed Communities.** Directs the Department to take reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts for services and supplies. The Director shall strongly encourage subcontracts with certified businesses in deprived and depressed communities.  
**Background:** This is a long-standing section in most department budgets.
- 207     **Travel Report.** Requires a report on out-of-state travel for State employees.  
**Background:** FY 2004-05 was the first year of this language. The original FY 2004-05 language prohibited out-of-state travel, but the prohibition was later removed and only the reporting requirement remained.
- 208     **Legal Services Limitation.** Prohibits use of funds to hire legal services that are the responsibility of the Attorney General.  
**Background:** First included in FY 2007-08.

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES  
PART 2: BOILERPLATE DETAIL  
2015 PA 84 ARTICLE XI**

<b>Section Number</b>	<b>Description and History</b>
209	<p><b><u>GF/GP Lapse Report.</u></b> Requires the Department to submit a report on projected GF/GP lapses at the end of the fiscal year.</p> <p><b>Background:</b> This section was added for FY 2011-12.</p>
210	<p><b><u>Contingency Funds.</u></b> Permits additional Federal, restricted, local, and private funds received during the year to be expended after approval of a legislative transfer.</p> <p><b>Background:</b> This language was restored in FY 2007-08 after not being included in the budget since FY 2001-02.</p>
211	<p><b><u>Expenditure Posting and FTE Report.</u></b> Requires that all Department expenditures be posted on a website available to the public. Also requires a quarterly report on the number of FTEs in pay status by civil service classification.</p> <p><b>Background:</b> This section was added in FY 2010-11 and appeared in other budgets for this year.</p>
212	<p><b><u>Restricted Fund Balance Report.</u></b> Requires the Department to provide an annual report on restricted fund balances, projected revenue, and expenditures for the current and immediately preceding fiscal years. The report is due within 14 days of the release of the Executive budget recommendation.</p> <p><b>Background:</b> This section was added for FY 2011-12.</p>
213	<p><b><u>Department Scorecard.</u></b> Requires the Department to maintain a website with key performance metrics that are regularly updated. The Department also must provide a report to the legislature regarding health insurance issuer annual rate filings.</p> <p><b>Background:</b> This section was added in FY 2013-14. The reporting requirements were added in FY 2015-16.</p>
214	<p><b><u>Legacy Costs Statement.</u></b> This section includes a statement of legacy costs, pension-related legacy costs, and retiree health care legacy costs for the year.</p> <p><b>Background:</b> This section was added in FY 2014-15.</p>
215	<p><b><u>Payment by Credit Card.</u></b> Allows the Department to accept credit cards and other electronic payments, unless prohibited by law.</p> <p><b>Background:</b> This section was added in FY 2010-11.</p>
217	<p><b><u>Report Retention.</u></b> Requires the Department to follow State and Federal guidelines with regard to how reports and documents are to be retained. Allows the Department to retain reports electronically.</p> <p><b>Background:</b> This section was included in all budgets beginning in FY 2010-11.</p>
218	<p><b><u>Prohibit Disciplinary Action.</u></b> Prohibits the Department from taking disciplinary action against an employee for communicating with a member of the Legislature or legislative staff.</p> <p><b>Background:</b> This section was added in FY 2005-06 to all budget acts. No specific incident was cited.</p>

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2015 PA 84 ARTICLE XI**

<b>Section Number</b>	<b>Description and History</b>
219	<p><b><u>Television &amp; Radio Show Prohibition.</u></b> Prohibits the Department from developing or producing television or radio shows.</p> <p><b>Background:</b> This section was added in FY 2011-12.</p>
220	<p><b><u>Healthy Michigan Plan Accounting.</u></b> Requires the Department to establish an accounting system to identify expenditures stemming from the Healthy Michigan plan, and to report on administrative costs by October 1, 2014.</p> <p><b>Background:</b> This section was added in FY 2014-15.</p>
221	<p><b><u>Limitation on General Fund Appropriation.</u></b> Restricts spending GF/GP that is appropriated within the executive program to compliance with the reporting requirements of the Healthy Michigan Plan. The Department must receive at least two bids for the project before spending the funds.</p> <p><b>Background:</b> This section was added in FY 2014-15.</p>

**INSURANCE AND FINANCIAL SERVICES REGULATION**

301	<p><b><u>Annual Rate Filings Report.</u></b> Report to the legislature shall be based on the annual rate filings from health insurance issuers and must include the numbers approved and denied, the percentage of rate filings processed within statutory time frames, the average number of calendar days to process rate filings, and an estimated percentage of the state's population without health insurance.</p> <p><b>Background:</b> This section was added in FY 2015-16.</p>
302	<p><b><u>Office of Financial and Insurance Services, Conservatorship and Liquidation.</u></b> Allows for the funds collected for a conservatorship or liquidation to be appropriated for all related expenses and permits the funds to be carried forward.</p> <p><b>Background:</b> This is a longstanding boilerplate section. Previous to FY 2011-12, this section was split into two separate sections that did essentially the same thing as this section.</p>
303	<p><b><u>Non-Confidential Information Requests.</u></b> The department may make non-confidential information available to interested entities. The department may charge a reasonable fee for this service. Revenue is to be appropriated when received for the service. Any revenue balance will lapse to a restricted fund.</p> <p><b>Background:</b> This section was added in FY 2016-17.</p>