

**Floor Summary of FY 2001-02 and  
FY 2002-03 Supplementals  
HB 5705 (H-1)**

	FY 2001-02		FY 2002-03	
DEPARTMENT/BUDGET	GF/GP	GROSS	GF/GP	GROSS
Department of Agriculture	\$0	\$0	\$4,750,000	\$4,750,000
Community Colleges	0	(1,655,200)	0	0
Department of Community Health	0	800,000	0	6,100,000
Department of Education	1,130,800	1,130,800	0	0
Family Independence Agency	0	9,000,000	0	0
Higher Education	0	10,736,600	0	0
Legislature	0	0	1,500,000	1,500,000
Department of Natural Resources	0	0	0	1,932,600
Department of Transportation	0	0	0	1,690,900
<b>TOTAL</b>	<b>\$1,130,800</b>	<b>\$20,012,200</b>	<b>\$6,250,000</b>	<b>\$15,973,500</b>

**Budgetary Issues:**

**AGRICULTURE**

1. Michigan State University cooperative extension. Provides operational funding.

<b>Gross</b>	<u><b>FY 2001-02</b></u>	<u><b>FY 2002-03</b></u>
GF/GP	\$0	\$1,500,000
	\$0	\$1,500,000

2. Michigan State University agricultural experiment station. Provides operational funding.

<b>Gross</b>	<u><b>FY 2001-02</b></u>	<u><b>FY 2002-03</b></u>
GF/GP	\$0	\$1,750,000
	\$0	\$1,750,000

**Budgetary Issues:**

3. Animal health diagnostic lab. Provides operational funding.

	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>
<b>Gross</b>	<b>\$0</b>	<b>\$1,500,000</b>
<b>GF/GP</b>	<b>\$0</b>	<b>\$1,500,000</b>

**COMMUNITY COLLEGES**

1. The Postsecondary Access Student Scholarship Program pays the difference between tuition and fee costs and all other financial aid to eligible students enrolled at community colleges, private colleges, and certain universities that offer 2-year degrees. Of the \$2 million (restricted revenue) appropriated for Fiscal Year 2001-02, \$345,000 or 17% was paid-out for scholarships, leaving a surplus of nearly \$1.6 million.

<b>Gross</b>	<b>(\$1,655,200)</b>	<b>\$0</b>
<b>Restr.</b>	<b>(1,655,200)</b>	<b>0</b>
<b>GF/GP</b>	<b>\$0</b>	<b>\$0</b>

**DEPARTMENT OF COMMUNITY HEALTH**

1. Provides for the appropriation of cigarette tax revenues to Wayne County for indigent health care.

<b>Gross</b>	<b>\$800,000</b>	<b>\$6,100,000</b>
<b>Restr.</b>	<b>800,000</b>	<b>6,100,000</b>
<b>GF/GP</b>	<b>\$0</b>	<b>0</b>

**DEPARTMENT OF EDUCATION**

1. The School Breakfast Program provides meals to students statewide. Over the last five years, there has been an increase in the number sites serving breakfast, as well as increases in the cost of food, transportation, utilities, and other food related costs. For FY 2001-02, \$5.3 million (GF/GP) was appropriated for this program; a mid-year adjustment of \$365,100 (GF/GP) was also approved by the Legislature for a total of \$5.6 million. As part of the FY 2001-02 Supplemental Appropriations, the DOE is requesting an additional \$1.130 million (GF/GP) to cover a deficit in this line. \$6.7 million (GF/GP) is appropriated for FY 2002-03.

<b>Gross</b>	<b>\$1,130,800</b>	<b>\$0</b>
<b>GF/GP</b>	<b>\$1,130,800</b>	<b>\$0</b>

**FAMILY INDEPENDENCE AGENCY**

1. TANF funding of \$9.0 million will be utilized in the area of Homestead Property Tax Credits for TANF-eligible families that receive a refundable credit. During fiscal year 2002, \$47.0 million of TANF had been expended in this manner. This \$9.0 million would bring the total to \$56.0 million.

<b>Gross</b>	<b>\$9,000,000</b>	<b>\$0</b>
<b>Federal</b>	<b>9,000,000</b>	<b>0</b>
<b>GF/GP</b>	<b>\$0</b>	<b>\$0</b>

Note - Recent information from the Department of Treasury supports the fact that TANF-eligible families have received \$56.0 million in refundable credits (for calendar year 2001) during fiscal year 2002.

**HIGHER EDUCATION**

1. Michigan Merit Awards. FY 2002 obligations for eligible students exceed the expenditure authority currently in place. Hence, a supplemental of \$9,081,400 is required. The revenue source would be the Michigan Merit Award Trust Fund.

<b>Gross</b>	<b>\$9,081,400</b>	<b>\$0</b>
<b>Restr.</b>	<b>9,081,400</b>	<b>0</b>
<b>GF/GP</b>	<b>\$0</b>	<b>\$0</b>

2. Tuition Grants. Due to more qualifying independent college and university students, more students with increased financial need, and less attrition, the FY 2002 spending exceeds the appropriation by \$4,337,900. A separate transfer request will cover \$2,682,700 of the shortfall. A corresponding negative supplemental from the PASS program would be the revenue source (see Community Colleges above).

<b>Gross</b>	<b>\$1,655,200</b>	<b>\$0</b>
<b>Restr.</b>	<b>1,655,200</b>	<b>0</b>
<b>GF/GP</b>	<b>\$0</b>	<b>\$0</b>

**LEGISLATURE**

1. House of Representatives. Provide additional operational resources.

<b>Gross</b>	<b>\$0</b>	<b>\$1,500,000</b>
<b>GF/GP</b>	<b>\$0</b>	<b>\$1,500,000</b>

**DEPARTMENT OF NATURAL RESOURCES**

1. Payments in Lieu of Taxes. The appropriation from the Environmental Protection Fund (Section 29 Credit Revenue) was vetoed. This item would restore this funding, enabling the department to pay county tax payments.

<b>Gross</b>	<b>\$0</b>	<b>\$1,897,600</b>
<b>Restr.</b>	<b>0</b>	<b>1,897,600</b>
<b>GF/GP</b>	<b>\$0</b>	<b>\$0</b>

2. Grants to Counties-Marine Safety. Funds appropriated in FY 2001-2002 for a watercraft noise study were not encumbered before the administrative deadline in September. This study would be conducted by Michigan State University during the 2002-03 academic year.

<b>Gross</b>	<b>\$0</b>	<b>\$35,000</b>
<b>Restr.</b>	<b>0</b>	<b>35,000</b>
<b>GF/GP</b>	<b>\$0</b>	<b>\$0</b>

**Budgetary Issues:****DEPARTMENT OF TRANSPORTATION**

1. Asset management has been defined as: "systematic process of maintaining, upgrading, and operating physical assets cost-effectively" Public Act 499 of 2002 (House Bill 5396) established a Transportation Asset Management Council within the State Transportation Commission. The Asset Management Council is charged with advising the State Transportation Commission on a statewide asset management strategy. The Asset Management Council met for the first time on October 22, 2002.

The supplemental would establish a new \$1.7 million line item in the transportation budget for the Asset Management Council. Funding would come from the Michigan Transportation Fund. Most of the costs involve data collection and data management.

	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>
<b>Gross</b>	<b>\$0</b>	<b>\$1,690,900</b>
Restr.	0	1,690,900
GF/GP	\$0	\$0

**FY 2001-02 Boilerplate Issues:**

None.

**FY 2002-03 Boilerplate Issues:****DEPARTMENT OF COMMUNITY HEALTH**

1. Sec. 1301. Revises current boilerplate to allow a pregnant woman who qualifies for Medicaid to obtain care from the obstetrician of her choice, without prior authorization from the health plan. It also requires payment for obstetric and prenatal care at Medicaid fee-for-service rates if there is no contract between the medical provider and the managed care plan.

2. Sec. 1302. Requires continuation of a 2-tier Medicaid case rate for emergency physician charges that pays one amount for "treat and release" and a different amount for "treat and admit/ transfer". Implementation is to be budget neutral so that reimbursement does not exceed the payment rates in FY 2001-02.

3. Sec. 1303. Continues the current policy that enrollment of Children's Special Health Care recipients in Medicaid HMOs shall be voluntary.

4. Sec. 1304. Exempts Children's Special Health Care Services recipients from needing prior authorization for prescribed drugs through the Pharmaceutical Best Practice initiative.

5. Sec. 1305. Expands the pilot project that coordinates Medicaid home and community based services with Section 8 rental assistance subsidies for persons in assisted living.

6. Sec. 1306. Appropriates cigarette tax revenue for indigent health care in Wayne County pursuant to Public Act 503 of 2002.

7. Sec. 1307. Allocates additional federal maternal and child health block grant funds for the statewide fetal infant mortality review network if the funds are available.

8. Sec. 1308. Requires HMOs that contract with the Medicaid program to pay clean claims on a timely basis, as specified in the Social Welfare Act.

9. Sec. 1309. Requires any new HMOs that contract with the Medicaid program after October 1, 2002 to meet the net worth and solvency requirements in the Insurance Code.

10. Sec. 1310. Prohibits HMOs from requiring prior authorization for EPSDT services, MSS/ISS screening referrals, or for up to 3 MSS/ISS visits.

11. Sec. 1311. Requires Medicaid nursing home payment rates to be set 30 days in advance of the facility's fiscal and be based on the most recent cost report submitted.

12. Sec. 1312. Continues the Long-Term Care Working Group and prohibits implementation of the long-term care plan until at least 24 days after the plan is developed.

**FY 2001-02 Boilerplate Issues:**

13. Sec. 1313. Prohibits a limit on personal care services reimbursement under the Home and Community Based Services program, allows continuation of the daily client payment cap.
14. Sec. 1314. Allocates up to \$200,000 to the Michigan Association of Centers for Independent Living to transition disabled persons from nursing homes if funds are available.
15. Sec. 1315. Requires changes to the Home and Community Based Services screening process to be submitted to the Legislature at least 30 days prior implementation.

**DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES**

1. Sec. 1401. Low-Income/Energy Efficiency Assistance Fund. The bill would allocate up to \$15.0 million from the fund for a "Clean Slate" program to assist Work First clients with past due utility bills. The fund consists of contributions from electric utilities paid from savings generated by the utilities through the securitization of stranded costs arising from electric industry restructuring. The boilerplate allocates a portion of the existing appropriation but does not add to the existing appropriation.

**DEPARTMENT OF NATURAL RESOURCES**

1. Sec. 1501. The watercraft noise study would be conducted by Michigan State University during the 2002-03 academic year, if matching funds are provided from lake property associations.