



Senate Fiscal Agency  
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## BILL ANALYSIS

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Senate Bill 436 (as enrolled)  
Sponsor: Senator Ron Jelinek  
Committee: Appropriations

Date Completed: 5-29-07

### **CONTENT**

Senate Bill 436 provides for supplemental appropriations for FY 2006-07. The bill contains positive supplemental appropriations to address funding shortfalls in several State departments. These funding shortfalls are a result of caseload and expenditure adjustments and adjustments to reflect the actual levels of Federal and State restricted revenue. The positive supplemental appropriations in the bill total \$73.5 million of Gross appropriations and \$209.2 million of General Fund/General Purpose (GF/GP) appropriations, and include the appropriation of State funds for the implementation of a new business tax plan.

Senate Bill 436 also contains a significant number of appropriation reductions to State departments, the Legislature, and the Judiciary. These appropriation reductions total \$153.6 million of Gross appropriations and \$139.7 million of GF/GP appropriations. The appropriation reductions address a significant portion of the projected FY 2006-07 GF/GP budget deficit. Following is a brief summary of the major appropriations contained in Senate Bill 436. Attachment A provides a department-by-department summary of the appropriations contained in the bill.

**Community Colleges:** The bill includes a delay in the funding of the second half of the August 2007 payment to community colleges until FY 2007-08. The first half of the August 2007 payment was delayed in Executive Order 2007-3. This funding delay equals \$12.9 million.

**Community Health:** The bill includes appropriation increases of \$105.4 million GF/GP to reflect unrealized savings included in the original budget and fund source adjustments. The appropriation reductions include a \$3.2 million reduction in Healthy Michigan Fund programs and an increase in hospital and nursing home Quality Assurance Assessment Program (QAAP) gainsharing revenue.

**Corrections:** The bill includes appropriation increases of \$26.6 million GF/GP to cover funding shortfalls in the Department.

**Executive Office:** The bill includes a 4.0% funding reduction for the Executive Office.

**Higher Education:** The bill includes a delay in the funding of the second half of the August 2007 payment to universities until FY 2007-08. The first half of the August 2007 payment was delayed in Executive Order 2007-3. This funding delay equals \$69.4 million. The bill also reduces the operations appropriations to universities by \$25.9 million. This reduction is implemented by a proportional reduction in the amount of the operations increase received by each university in the fiscal year.

**History, Arts, and Libraries:** The bill includes a \$3.6 million GF/GP funding reduction for arts and cultural grants.

**Human Services:** The bill includes an appropriation increase of \$66.0 million to cover funding shortfalls in the Department.

**Judiciary:** The bill includes a 4.0% funding reduction for the judicial branch.

**Legislature:** The bill includes a 4.0% funding reduction for the legislative branch.

**State Police:** The bill includes a \$1.2 million GF/GP supplemental appropriation designed to eliminate the layoff of 29 at-post State troopers.

**Treasury:** The bill contains a \$10.0 million GF/GP appropriation for the implementation of the new business tax to replace the repealed single business tax. Boilerplate language directs \$7.2 million in State Campaign Fund revenue to the State General Fund.

Fiscal Analyst: Gary S. Olson

**Senate Bill 436: As Enrolled**  
**FY 2006-07 Appropriations Summary**  
**(thousands of dollars)**

<b>Department/Budget Area</b>	<b>Gross</b>	<b>GF/GP</b>
Agriculture	(\$286.2)	(\$286.2)
Attorney General	(308.9)	(308.9)
Civil Rights	(50.0)	(50.0)
Civil Service	(168.7)	(168.7)
Community Colleges	(12,879.9)	(12,879.9)
Community Health	(61,176.0)	95,735.9
Corrections	25,883.3	25,883.3
Education	(90.4)	(90.4)
Environmental Quality	(311.0)	(311.0)
Executive Office	(194.0)	(194.0)
Higher Education	(97,350.0)	(97,350.0)
History, Arts and Libraries	(3,600.0)	(3,600.0)
Human Services	67,755.2	66,041.0
Judiciary	(4,190.5)	(4,103.6)
Labor and Economic Growth	10,550.0	0.0
Legislature	(6,534.3)	(6,534.3)
Management and Budget	(488.3)	(550.0)
Military and Veterans Affairs	134.5	0.0
Natural Resources	(510.0)	(510.0)
State	(757.9)	(757.9)
State Police	1,200.0	1,200.0
Strategic Fund Agency	(297.6)	(297.6)
Treasury	3,597.5	8,597.5
<b>Total</b>	<b>(\$80,073.2)</b>	<b>\$69,465.2</b>

**Senate Bill 436: As Enrolled**  
**FY 2006-07 Appropriation Additions**  
**(thousands of dollars)**

<b>Department/Program</b>	<b>Gross</b>	<b>GF/GP</b>
<b><u>Appropriation Additions:</u></b>		
<b>Community Health</b>		
Mental Health/Substance Abuse Caseload Increase	\$5,521.4	\$2,077.1
Pandemic Influenza Antiviral Drugs	15,670.0	15,670.0
IDG to DHS for Rape Prevention and Services	1,300.0	0.0
Unrealized Health IT Savings	4,650.0	2,028.3
Fund Shift for Health Plan Services	12,500.0	0.0
Long Term Care Lapse	(46,000.0)	(20,065.2)
Unrealized Pharmacy Rebate Savings	50,000.0	21,500.0
Unrealized HMO Drug Carve-In QAAP Savings	(2,756.3)	1,554.0
Unrealized CMH Drug Carve-In QAAP Savings	(4,742.6)	2,673.9
Unrealized Plan First! Family Planning Savings	243.4	6,653.0
Unrealized Hospital/HMO QAAP Savings	(79,024.4)	2,500.0
Unrealized Emergency Room Co-Pay Savings	150.0	65.4
Unrealized Guardianship Fee Savings	135.0	58.9
Unrealized Graduate Medical Education Savings	(1,500.0)	845.7
Unrealized MIChild Premium Savings	650.0	198.4
Fund Shift from Merit Award Trust Fund to GF/GP	0.0	69,600.0
Fund Shift from Medicaid to Hospital QAAP Revenue	<u>0.0</u>	<u>0.0</u>
Subtotal Community Health	(43,203.5)	105,359.5
<b>Corrections</b>		
Additional Prison and Camp Beds	23,600.0	23,600.0
Prison Clinics	<u>3,000.0</u>	<u>3,000.0</u>
Subtotal Corrections	26,600.0	26,600.0
<b>Human Services</b>		
Family Independence Program Caseload Increase	65,679.5	65,679.5
Foster Care Payments	1,226.2	0.0
Day Care Services Case Review	450.9	317.6
AFC, Children's Welfare and Daycare Licensure	123.4	0.0
Fund Shift from TANF to \$1.3 million IDG from DCH	0.0	0.0
State Disability Assistance Fund Shift	213.5	0.0
SSI Advocates Fund Shift of \$213,500	0.0	0.0
Funding for State Budget Office Staff	<u>61.7</u>	<u>43.9</u>
Subtotal Human Services	67,755.2	66,041.0
<b>Labor and Economic Growth</b>		
Replace TANF with Federal WIA Funds	10,000.0	0.0
Fire Protection Grants Fund Shift: GF to Restricted	<u>1,000.0</u>	<u>0.0</u>
Subtotal Labor and Economic Growth	11,000.0	0.0

**Senate Bill 436: As Enrolled**  
**FY 2006-07 Appropriation Additions**  
(thousands of dollars)

<b>Department/Program</b>	<b>Gross</b>	<b>GF/GP</b>
<b>Management and Budget</b>		
Fund Shift from GF to DHS IDG for Staff Work	<u>61.7</u>	<u>0.0</u>
Subtotal Management and Budget	61.7	0.0
<b>Military and Veterans Affairs</b>		
Fund Shift from GF to Restricted for Jacobetti Home	<u>134.5</u>	<u>0.0</u>
Subtotal Military and Veterans Affairs	134.5	0.0
<b>State Police</b>		
Uniform Services	<u>1,200.0</u>	<u>1,200.0</u>
Subtotal State Police	1,200.0	1,200.0
<b>Treasury</b>		
Tax Restructuring Initiative	<u>10,000.0</u>	<u>10,000.0</u>
Subtotal Treasury	10,000.0	10,000.0
<b>Total Appropriation Additions</b>	<b>\$73,547.9</b>	<b>\$209,200.5</b>

**Senate Bill 436: As Enrolled**  
**FY 2006-07 Appropriation Reductions**  
**(thousands of dollars)**

<b>Department/Program</b>	<b>Gross</b>	<b>GF/GP</b>
<b><u>Appropriation Reductions:</u></b>		
<b>Agriculture</b>		
Pesticide and Plant Pest Management	(\$266.0)	(\$266.0)
Information Technology Services and Projects	<u>(20.2)</u>	<u>(20.2)</u>
Subtotal Agriculture	(286.2)	(286.2)
<b>Attorney General</b>		
Operations	(301.8)	(301.8)
Information Technology	<u>(7.1)</u>	<u>(7.1)</u>
Subtotal Attorney General	(308.9)	(308.9)
<b>Civil Rights</b>		
Operations	<u>(50.0)</u>	<u>(50.0)</u>
Subtotal Civil Rights	(50.0)	(50.0)
<b>Civil Service</b>		
Executive Direction	<u>(168.7)</u>	<u>(168.7)</u>
Subtotal Civil Service	(168.7)	(168.7)
<b>Community Colleges</b>		
Delay Remaining 50% of August 2007 Payment	<u>(12,879.9)</u>	<u>(12,879.9)</u>
Subtotal Community Colleges	(12,879.9)	(12,879.9)
<b>Community Health</b>		
Healthy Michigan Fund	(3,164.2)	(3,164.2)
Adjust Gainsharing on Hospital/Nursing Home QAAP	<u>(14,808.3)</u>	<u>(6,459.4)</u>
Subtotal Community Health	(17,972.5)	(9,623.6)
<b>Corrections</b>		
Eliminate Project Joshua	(441.7)	(441.7)
Remove Compensatory Buyout & Union Leave Bank	<u>(275.0)</u>	<u>(275.0)</u>
Subtotal Corrections	(716.7)	(716.7)
<b>Education</b>		
Central Support	(65.0)	(65.0)
Early Childhood Education	<u>(25.4)</u>	<u>(25.4)</u>
Subtotal Education	(90.4)	(90.4)
<b>Environmental Quality</b>		
Contaminated Site Cleanup	<u>(311.0)</u>	<u>(311.0)</u>
Subtotal Environmental Quality	(311.0)	(311.0)

**Senate Bill 436: As Enrolled**  
**FY 2006-07 Appropriation Reductions**  
**(thousands of dollars)**

<b>Department/Program</b>	<b>Gross</b>	<b>GF/GP</b>
<b>Executive Office</b>		
Operations	<u>(194.0)</u>	<u>(194.0)</u>
Subtotal Executive Office	(194.0)	(194.0)
<b>Higher Education</b>		
Operations Reduction	(25,882.0)	(25,882.0)
Delay Remaining 50% of August 2007 Payment	(69,368.0)	(69,368.0)
Tuition Grant Lapse	<u>(2,100.0)</u>	<u>(2,100.0)</u>
Subtotal Higher Education	(97,350.0)	(97,350.0)
<b>History, Arts and Libraries</b>		
Arts and Cultural Grants	<u>(3,600.0)</u>	<u>(3,600.0)</u>
Subtotal History, Arts and Libraries	(3,600.0)	(3,600.0)
<b>Judiciary</b>		
Administrative Reductions	(2,947.1)	(2,947.1)
Retirement Savings	<u>(1,243.4)</u>	<u>(1,156.5)</u>
Subtotal Judiciary	(4,190.5)	(4,103.6)
<b>Labor and Economic Growth</b>		
Restricted Fund Reductions (Transfer to GF)	<u>(450.0)</u>	<u>0.0</u>
Subtotal Labor and Economic Growth	(450.0)	0.0
<b>Legislature</b>		
Senate/House/Legislative Agencies	(3,854.5)	(3,854.5)
Auditor General	(650.3)	(650.3)
Retirement Savings	<u>(2,029.5)</u>	<u>(2,029.5)</u>
Subtotal Legislature	(6,534.3)	(6,534.3)
<b>Management and Budget</b>		
Administrative Services	(25.0)	(25.0)
Office of the State Employer	(60.0)	(60.0)
Business Support Services	(65.0)	(65.0)
Information Technology	<u>(400.0)</u>	<u>(400.0)</u>
Subtotal Management and Budget	(550.0)	(550.0)
<b>Natural Resources</b>		
Communications	(10.0)	(10.0)
Executive Direction	(50.0)	(50.0)
Financial Services	(20.0)	(20.0)

**Senate Bill 436: As Enrolled**  
**FY 2006-07 Appropriation Reductions**  
**(thousands of dollars)**

<b>Department/Program</b>	<b>Gross</b>	<b>GF/GP</b>
<b>Natural Resources (continued)</b>		
Human Resources	(20.0)	(20.0)
Wildlife Management	(150.0)	(150.0)
Natural Resources Heritage	(10.0)	(10.0)
Cooperative Resources Programs	(75.0)	(75.0)
Forest Recreation and Trails	(75.0)	(75.0)
Information Technology	<u>(100.0)</u>	<u>(100.0)</u>
Subtotal Natural Resources	(510.0)	(510.0)
<b>State</b>		
Department, Regulatory, and Customer Services	<u>(757.9)</u>	<u>(757.9)</u>
Subtotal State	(757.9)	(757.9)
<b>Strategic Fund Agency</b>		
Job Creation Programs	<u>(297.6)</u>	<u>(297.6)</u>
Subtotal Strategic Fund Agency	(297.6)	(297.6)
<b>Treasury</b>		
Revenue Enhancement Program	(500.0)	(500.0)
Senior Citizen Cooperative Housing	(902.5)	(902.5)
Lottery Promotion and Advertising	<u>(5,000.0)</u>	<u>0.0</u>
Subtotal Treasury	(6,402.5)	(1,402.5)
<b>Total Appropriation Reductions</b>	<b>(\$153,621.1)</b>	<b>(\$139,735.3)</b>