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BILL ANALYSIS



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Senate Bill 1111 (as enrolled)
Sponsor: Senator Ron Jelinek
Senate Committee: Appropriations
House Committee: Appropriations

Date Completed: 9-29-08

CONTENT

The bill would provide for supplemental appropriations for fiscal year (FY) 2007-08 and FY 2008-09. The supplemental appropriations in the bill are based on requests submitted to the Legislature by the Office of the State Budget and budget target decisions agreed to by the Governor and Legislative Leadership on June 25, 2008.

The following is a brief summary of the FY 2007-08 line-item appropriations contained in the bill:

Agriculture: The bill would provide \$415,100 of Gross and General Fund/General Purpose (GF/GP) appropriations for animal health programs. The funds would be spent to provide for depopulation and indemnification of five hunting ranches experiencing an outbreak of pseudorabies in their game swine herds.

Community Colleges: The bill would provide \$10,000 of Gross and GF/GP appropriations to fully meet the statutory required payments to reimburse community colleges for lost property tax revenue resulting from the creation of renaissance zones within a community college district.

Community Health: The bill would reduce Gross appropriations by \$83.0 million and increase GF/GP appropriations by \$56.4 million. The bill addresses two major issues in the Department. The first is revised expenditure estimates that result in reductions in Gross and GF/GP appropriations from the enacted levels. These expenditure reductions lower Gross appropriations by \$83.0 million and GF/GP appropriations by \$26.9 million. The second

item is an increase of \$83.3 million in GF/GP appropriations that is needed to offset an overappropriation of State restricted funding from the Merit Award Trust Fund and the Medicaid Benefits Trust Fund. These State restricted revenue sources will not be available at the levels appropriated and GF/GP funding would be appropriated to offset this revenue shortfall.

Environmental Quality: The bill would provide for \$250,000 of Gross appropriations for a water withdrawal assessment program in the Department. The Clean Michigan Initiative funding is needed to implement the recently enacted water withdrawal package of legislation.

Higher Education: The bill would provide for a fund source switch in the existing appropriations for the State Competitive Scholarship Program, the Tuition Grant Program, and the Tuition Incentive Program. The fund source shift involves replacing \$91.9 million of GF/GP funding and \$15.9 million of Michigan Merit Award funding with Federal Temporary Assistance to Needy Families (TANF) funding. This fund shift relates to the State's effort to maximize available TANF contingency funding. It would have no impact on the funding level of these financial aid programs in FY 2007-08.

Human Services: The bill would provide for a fund source switch in several existing appropriations accounts in the Department. The fund source shift involves funding of children's services programs, local office staff, and central support account programs. The fund source shift would reduce Federal

TANF funding by \$107.8 million and replace it with GF/GP and Michigan Merit Award budget. This fund shift relates to the State's effort to maximize available TANF contingency funding, and would have no impact on the funding levels of these departmental programs in FY 2007-08. In addition, the bill would make a technical adjustment to appropriately reflect a grant to the Newberry Community Action Agency that was appropriated in a previous supplemental act.

Management and Budget: The bill would provide for a \$21.5 million GF/GP appropriation to the State-sponsored group insurance fund to meet Federal requirements concerning the adequate funding of State employee group insurance accounts. The \$21.5 million GF/GP appropriation would be offset during the FY 2007-08 book-closing by appropriation lapses resulting from reductions in the rates paid by departments for State employee group insurance funds. The bill also would provide \$4.5 million GF/GP in transitional funding for the Detroit Zoological Society.

Military and Veterans Affairs: The bill would provide \$1.0 million of Gross appropriations, funded with Federal funds, for the Starbase grant program. This program provides mentorship opportunities for at-risk youths in the Starbase program.

State: The bill would provide for a \$2.5 million appropriation of Federal funds for the implementation of the REAL ID driver license program. This program, funded with Federal Homeland Security funding, is designed to improve the security of State-issued driver licenses.

State Police: The bill would add \$450,000 GF/GP for the acquisition of a building to house the Hart State Police Post.

Treasury: The bill would provide \$2.1 million of Gross appropriations, funded with Federal funds, for the College Access Challenge Grant Program. This Federal program is designed to foster partnerships among Federal, State, and local governments and philanthropic organizations that will increase the number of low-income students who are prepared to enter postsecondary education.

funding that would become available due to the fund source shift in the Higher Education For FY 2008-09, the bill would restore \$10.2 million in Agriculture Equine Industry Development Fund revenue for horse racing programs that had been vetoed in the Department of Agriculture budget.

Boilerplate Language Sections

Sec. 221. Requires that the \$300,000 GF/GP appropriation in the Department of Human Services be distributed to the Newberry Community Action Agency.

Sec. 251. Provides that the \$21.5 million GF/GP appropriation in the Department of Management and Budget for State employee group insurance funds would be offset by savings resulting from the rate charged to State departments for insurance.

Sec. 351. Provides for work project or carry-forward status for the appropriation for the REAL ID program in the Department of State.

Sec. 502. Provides for work project or carry-forward status for the appropriation for the College Access Challenge Grant Program in the Department of Treasury.

Secs. 1302, 1303, 1304, and 1307. Restore horse racing industry language vetoed in FY 2008-09 in the Department of Agriculture.

FISCAL IMPACT

The bill would reduce FY 2007-08 Gross appropriations by \$50.2 million and provide for an \$83.3 million increase in GF/GP appropriations. The bill would increase FY 2008-09 Gross and State restricted revenue appropriations by \$10.2 million.

Table 1 provides a summary of the appropriations by budget area.

Table 1

Summary of Enrolled Senate Bill 1111		
Department/Budget Area	FY 2007-08 Gross Appropriation	FY 2007-08 GF/GP Appropriation
Agriculture	\$415,100	\$415,100
Community Colleges.....	10,000	10,000
Community Health	(82,986,000)	56,356,000
Environmental Quality	250,000	0
Higher Education	0	(91,948,600)
Human Services	0	91,948,600
Management and Budget	26,042,800	26,042,800
Military and Veterans Affairs.....	1,045,700	0
State	2,495,000	0
State Police.....	450,000	450,000
Treasury.....	2,100,000	0
FY 2007-08 Total	(\$50,177,400)	\$83,273,900
Department/Budget Area	FY 2008-09 Gross Appropriation	FY 2008-09 GF/GP Appropriation
Agriculture.....	\$10,160,300	\$0
FY 2008-09 Total	\$10,160,300	\$0

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.