

FY 2009-10 SUPPLEMENTAL APPROPRIATIONS

Summary: Enrolled Bill Senate Bill 797



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OVERVIEW

In a letter dated June 2, 2010, the State Budget Office (SBO) recommended negative adjustments to FY 2009-10 appropriations for all state departments to reflect estimated savings from state employee concessions. The table below shows recommended adjustments by department and fund source, which are incorporated into Senate Bill 797. Gross savings total \$46.6 million; GF/GP savings total \$23.4 million.

The savings reflected in the bill are the result of the following employee concession measures:

- Banked Leave Time - number of hours varies by bargaining unit; 47,587 employees affected.
- Furlough Days - 5 days for 3,396 employees.
- Elimination of overtime paid for Department of Corrections employees who attend pre-shift meetings.

In addition to the savings included in this bill, the SBO anticipates lapsing \$5.1 million Gross and \$2.3 million GF/GP in professional development funds. As part of the UAW's negotiated concessions, they agreed to forfeit \$5.1 million in available professional development funds, which are collected pursuant to their collective bargaining agreement and are used to pay for various training programs for employees.

Additionally, the House-passed version of Senate Bill 797, which has been concurred to and enrolled, includes supplemental appropriations for certain time-sensitive items in the Human Services budget (including federal American Recovery and Reinvestment Act [ARRA] funding for food assistance costs), disaster assistance funding in the State Police budget, and ARRA-funded workforce training grants in the Energy, Labor and Economic Growth budget. Those adjustments are summarized in the tables on page 2 of this document.

The total net impact of all appropriation adjustments contained in the enrolled version of Senate Bill 797 is an increase of \$79.1 million in Gross appropriations and a reduction of \$23.1 million in GF/GP appropriations in the FY 2009-10 state budget.

Summary: FY 2009-10 Appropriation Adjustments Related to Employee Concessions

Department	Gross	IDG/IDT	Federal	Private/ Local	Restricted	GF/GP
Agriculture	(\$450,900)	\$0	(\$100,000)	\$0	(\$128,700)	(\$222,200)
Attorney General	(502,100)	(148,000)	(47,400)	0	(99,500)	(207,200)
Civil Rights	(89,000)	0	(13,700)	0	0	(75,300)
Community Health	(4,535,300)	(339,800)	(871,900)	(1,104,700)	(402,000)	(1,816,900)
Corrections	(14,628,200)	0	(2,600)	0	(119,200)	(14,506,400)
Education	(438,200)	0	(304,000)	(37,100)	(29,900)	(67,200)
Energy, Labor, Econ Growth	(3,934,000)	(170,300)	(2,060,100)	0	(1,509,900)	(193,700)
Executive Office	(39,000)	0	0	0	0	(39,000)
Human Services	(7,600,600)	0	(4,754,100)	0	0	(2,846,500)
Legislative Auditor General	(142,800)	0	0	0	0	(142,800)
Military & Veterans Affairs	(829,100)	0	(474,000)	(5,600)	(169,000)	(180,500)
Natural Resources & Environ	(2,869,200)	(27,000)	(633,200)	(295,900)	(1,515,300)	(397,800)
State	(1,046,100)	0	0	0	(871,300)	(174,800)
State Police	(2,488,300)	(108,800)	(123,600)	(42,800)	(460,300)	(1,752,800)
Tech, Management, Budget	(2,734,100)	(1,767,400)	(159,600)	0	(351,100)	(456,000)
Transportation	(2,695,600)	0	0	0	(2,695,600)	0
Treasury	(1,565,600)	(54,300)	(87,000)	(4,500)	(1,127,000)	(292,800)
TOTAL	(\$46,588,100)	(\$2,615,600)	(\$9,631,200)	(\$1,490,600)	(\$9,478,800)	(\$23,371,900)

**Summary: FY 2009-10 Appropriation Adjustments
Excluding Employee Concession-Related Adjustments**

	Executive*		Senate		House/Enrolled	
Budget Area	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Energy, Labor, Econ Growth	\$3,800,000	\$0	\$0	\$0	\$3,800,000	\$0
Human Services	121,745,700	103,600	121,745,700	103,600	121,745,700	103,600
State Police	0	0	134,600	134,600	134,600	134,600
TOTAL	\$125,545,700	\$103,600	\$121,880,300	\$238,200	\$125,680,300	\$238,200

*Reflects SBO letters dated 6/2/10 and 7/12/10 (both partial)

<u>FY 2009-10 Appropriation Items:</u>		<u>Executive</u>	<u>Senate</u>	<u>House/ Enrolled</u>
ENERGY, LABOR, AND ECONOMIC GROWTH				
1. Workforce Training Programs Subgrantees (ARRA)				
The ARRA made \$200.0 million available in WIA National Emergency Grants (NEG) to supplement existing WIA displaced workers funds to respond to the needs of communities affected by major economic dislocations and other worker dislocation events. Of that amount, \$75.0 million was awarded to states to support on-the-job training activities of displaced workers, by making funding available to reimburse employers for up to 50% of the costs of providing training to OJT program participants. Of this amount, Michigan's share is \$3,791,794. The department, in partnership with the 25 Michigan Works! Agencies, Michigan Skills Alliances, employers, and other community-based organizations will develop OJT programs, including skills assessments, classroom training, customized employee training, and wage reimbursement. Training programs will focus on high-demand sectors, including health care, skilled trades, life sciences, homeland security, and advanced manufacturing. Funding will be allocated throughout the state based on respective need, capacity, long-term unemployment levels, poverty levels, and the population served. It is anticipated that 850 displaced workers will be supported with this funding, with the average wage reimbursement estimated to be \$3,000. (7/12/10 SBO letter)	Gross	\$3,800,000	--	\$3,800,000
	Federal	3,800,000	--	3,800,000
HUMAN SERVICES				
2. Food Assistance Program (ARRA)				
Increases federal funding for food assistance program (FAP) by \$117.2 million to increase caseload by 36,250 to 870,390 cases at an average monthly benefit of \$269.42. (6/2/10 SBO letter)	Gross	\$117,193,000	\$117,193,000	\$117,193,000
	ARRA	100,855,800	100,855,800	100,855,800
	Federal	16,337,200	16,337,200	16,337,200
3. Electronic Benefit Transfer (EBT) (ARRA)				
Increases contractual payments to administer EBT payments for food and cash assistance. FAP transaction activity has increased, resulting in higher costs related to administering EBT payments. Request includes \$4.1 million in food assistance administration funding available through ARRA. (6/2/10 SBO letter)	Gross	\$4,552,700	\$4,552,700	\$4,552,700
	Federal	366,900	366,900	366,900
	ARRA	4,082,200	4,082,200	4,082,200
	GF/GP	\$103,600	\$103,600	\$103,600
STATE POLICE				
4. Disaster Assistance				
Disaster relief funding for the June 6, 2010 storms in Monroe County. Based on State Police evaluations of the storm damage, Dundee Township, the Village of Dundee, Frenchtown Charter Township, and Monroe County are eligible to receive \$30,000 each, while the Village of Estral Beach is eligible to receive \$14,627	Gross	--	\$134,600	\$134,600
	GF/GP	--	\$134,600	\$134,600

<u>FY 2009-10 Boilerplate Items:</u>	<u>Executive</u>	<u>Senate</u>	<u>House/ Enrolled</u>
GENERAL			
1. Temporary Nature of ARRA Funds States that ARRA funds are temporary in nature and that program funding levels and state employees supported by the funds will not be continued.	--	--	Sec. 203
2. Boilerplate Appropriation of Additional Funds Appropriates any additional ARRA funds awarded to Michigan through recalculation of formulas or under federal redistribution provisions; requires report to the Legislature. (7/12/10 SBO letter)	Included	--	Sec. 210
3. Carry-Forward Authority Provides for the carry-forward of unexpended ARRA funds into the succeeding fiscal year in conformance with Section 451a if the Management and Budget Act (work project provisions). (7/12/10 SBO letter)	Included	--	Sec. 211
4. Federal Requirements Incorporated by Reference Requires subrecipients of ARRA funds appropriated to comply with all federal requirements regarding certification, accountability, and transparency. (7/12/10 SBO letter).	Included	--	Sec. 212
ENERGY, LABOR AND ECONOMIC GROWTH			
5. Recipient Eligibility Prohibits expenditure of worker retraining funds without verifying eligibility of the recipient under federal law.	--	--	Sec. 213
HUMAN SERVICES			
6. Lease Cancellation Requires the department to cancel the lease at 14000 Schoolcraft Ave. Detroit, MI upon notice to the lessor. (6/2/10 SBO letter)	Included	Sec. 301	Sec. 301
COMMUNITY HEALTH			
7. Audit Findings Requires department to hire independent contractor to immediately implement corrective actions related to recent Auditor General findings; states that \$5.0 million GF/GP is to be identified from administration and management line item to pay for the services.	--	--	Sec. 501