

FY 2009-10 SUPPLEMENTAL APPROPRIATIONS
Summary: As Reported by the House Appropriations Committee
House Bill 5409 (H-1)



HFA Director: Mitchell E. Bean
 Supplemental Coordinator: Kyle I. Jen

	Executive*		House		Senate	
Budget Area	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Community Health	\$101,498,500	\$0	\$101,498,500	\$0		
Energy, Labor, Econ Growth	480,000	0	480,000	0		
Judiciary	450,000	0	450,000	0		
Legislature	0	0	1,000,000	1,000,000		
Natural Resources & Environ	3,300,000	0	3,275,000	0		
State	5,872,700	293,700	5,872,700	293,700		
State Police	2,500,000	0	2,500,000	0		
Treasury	(11,781,500)	(12,481,500)	(11,781,500)	(12,481,500)		
TOTAL	\$102,319,700	(\$12,187,800)	\$103,294,700	(\$11,187,800)		

*Reflects State Budget Office (SBO) letter of February 11, 2010 (2010-11), excluding recommended adjustments in the Higher Education budget related to federal TANF revenue, as well as non-ARRA items in March 19, 2010 SBO letter.

OVERVIEW

As of April 27, FY 2009-10 supplemental appropriation requests from the State Budget Office (SBO) totaling \$102.3 million are pending before the Legislature. The net impact of the recommendations would be a reduction of \$12.2 million in GF/GP appropriations. Pending supplemental requests for the Department of Human Services, requested adjustments in the Higher Education related to federal TANF revenue, and appropriations requests funded primarily with revenue received under the federal American Recovery and Reinvestment Act (ARRA) are not reflected above

House Bill 5409 (H-1) contains the pending supplemental requests, generally as recommended by the State Budget Office. The bill also includes an appropriation of \$1.0 million GF/GP for census tracking and reapportionment for the Legislature. The boilerplate section of the bill includes language related to various appropriations in the bill, as well as various technical corrections to the FY 2009-10 Community Health budget act.

The largest appropriation item in the bill is a Gross increase of \$101.5 million, funded from federal and restricted revenues, to restore a 4% Medicaid payment rate reduction applied to hospitals and nursing homes in FY 2009-10. The bill's net reduction in GF/GP appropriations is the result of debt service savings of \$12.5 million related to Great Lakes Water Quality Bonds.

FY 2009-10 Appropriation Items:

COMMUNITY HEALTH

1. Medicaid Adult Benefits Waiver Transition from SCHIP to Title XIX Funding

Medicaid Benefits Trust Fund revenue of \$8.9 million offsets a like amount of federal State Children's Health Insurance Program (SCHIP) Title XXI authorization in the Medicaid Adult Benefits Waiver appropriation lines (physical and mental health). Beginning January 1, 2010, the Adult Benefits Waiver (ABW) program's federal match portion will be at the Medicaid FMAP rate of 63.19% rather than the SCHIP rate of 74.23%, therefore requiring additional State support to maintain the current program. Additional MBTF revenue is available due to a higher than anticipated FY 2009-10 fund balance and greater than anticipated cigarette tax revenue. (2/11/10 SBO letter)

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	\$0	\$0	
Federal	(8,893,000)	(8,893,000)	
Restricted	8,893,000	8,893,000	

FY 2009-10 Appropriation Items:**2. Community Mental Health Non-Medicaid Services**

Directs available State Children's Health Insurance Program (SCHIP) bonus payment of \$3,713,900 to Community Mental Health Non-Medicaid Services to offset GF/GP support for this line item. (2/11/10 SBO letter)

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	\$0	\$0	
Federal	3,713,900	3,713,900	
GF/GP	(\$3,713,900)	(\$3,713,900)	

3. Medicaid Adult Benefits Waiver - Mental Health

Increases GF/GP support for Medicaid Adult Benefits Waiver program by \$3,713,900 from offset in Community Mental Health Non-Medicaid Services appropriation to finance one-time general fund shortfall as SCHIP federal funds are no longer available to support the program and federal Medicaid funds are calculated at a lower federal match rate. (2/11/10 SBO letter)

Gross	\$0	\$0
Federal	(3,713,900)	(3,713,900)
GF/GP	\$3,713,900	\$3,713,900

4. Restoration of Hospital and Nursing Home 4% Medicaid Payment Rate Reduction

An increase of \$101.5 million gross restores a 4% Medicaid payment rate reduction applied to hospitals and nursing homes in FY 2009-10. The gross amount is financed with additional nursing home and hospital quality assurance assessment program (QAAP) state restricted funds and matching federal funds. (2/11/10 SBO letter)

Gross	\$101,498,500	\$101,498,500
Federal	60,185,700	60,185,700
ARRA	10,231,000	10,231,000
Restricted	31,081,800	31,081,800

ENERGY, LABOR, AND ECONOMIC GROWTH**5. Public Service Commission**

Adds \$440,000 Restricted and 4.0 FTE positions for the MPSC to implement the provisions of 2009 PA 182 (HB 4257), which restructures intrastate access charges telephone companies charge each other when routing telephone calls. The act explicitly provided that the MPSC, "shall recover its actual costs of administering the restructuring mechanism from assessments collected for the operation of the restructuring mechanism." (2/11/10 SBO letter)

FTE	4.0	4.0
Gross	\$440,000	\$440,000
Restricted	440,000	440,000

6. Bureau of Fire Services

Adds \$40,000 in spending authority for a new fund - the Fire Safety Standard Enforcement Fund - related to the bureau's enforcement and administration of 2009 PA 56 (SB 264), establishing a requirement that cigarettes be self-extinguishing ("fire-safe"), and required that the bureau test and certify cigarettes deemed to be fire-safe and eligible for sale in the state. Revenue is generated through a three-year certification fee of \$1,250 for each brand family sold by a manufacturer. Revenue from the certification fee is anticipated to be about \$125,000 over the three-year certification cycle. (2/11/10 SBO letter)

Gross	\$40,000	\$40,000
Restricted	40,000	40,000

JUDICIARY**7. Drug Treatment Courts**

Provides \$200,000 in federal funds (Byrne Justice Assistance Grant) as an IDG from the Department of State Police for Drug Treatment Courts. The one-time supplemental funding will be used for treating non-violent substance-abusing offenders. (2/11/10 SBO letter)

Gross	\$200,000	\$200,000
Federal	200,000	200,000

8. State Appellate Defender Office (SADO) Federal Grants

Provides \$250,000 in federal funds from the United State Department of Justice. Spending authorization is for two pilot projects: Two year grant of \$223,800 for representation of wrongfully convicted defendants in post-conviction claims of innocence; Eighteen-month grant of \$147,200 for indigent defender hiring project. (2/11/10 SBO letter)

Gross	\$250,000	\$250,000
Federal	250,000	250,000

LEGISLATURE**9. Census Tracking/Reapportionment**

House Substitute includes \$500,000 for the House and \$500,000 for the Senate for census tracking/reapportionment. Funding will enable the House and Senate to analyze census information and balance districts according to census data. Funding will be used to purchase equipment, supplies, and services needed.

Gross	--	\$1,000,000
GF/GP	--	\$1,000,000

FY 2009-10 Appropriation Items:**Executive****House****Senate****NATURAL RESOURCES AND ENVIRONMENT****10. Michigan Historical Program**

Increases restricted funding by \$300,000 to allow the Department to charge and expend historical fees for services such as the historical marker program and museum admissions. (2/11/10 SBO letter) House Substitute excludes \$25,000 in funds associated with potential revenue from museum admissions fees.

Gross	\$300,000	\$275,000
Restricted	300,000	275,000

11. Nonpoint Source Water Pollution Grant Program

Increases restricted funding by \$3.0 million from the Clean Michigan Initiative- Nonpoint Source Fund to be used for matching funds to obtain a Federal Clean Water Act grant. This grant program provides pass through funding to local governmental units and non-profit entities from US EPA funds for nonpoint source pollution prevention projects and watershed management plans. (4/19/10 SBO letter)

Gross	\$3,000,000	\$3,000,000
Restricted	\$3,000,000	\$3,000,000

STATE**12. Help America Vote Act (HAVA)**

Provides supplemental funding to help implement the provisions of the Help America Vote Act and other election reforms detailed in Michigan's HAVA plan. The provisions include ensuring the integrity, increasing privacy, and improving access of the voting process. (2/11/10 SBO letter)

Gross	\$5,872,700	\$5,872,700
Federal	5,579,000	5,579,000
GF/GP	\$293,700	\$293,700

STATE POLICE**13. DNA Forensic Casework Outsourcing**

Provides \$2.5 million in restricted revenue as a one-time plan to outsource DNA forensic casework due to backlogs from the closure of the Detroit crime lab. (2/11/10 SBO letter)

Gross	\$2,500,000	\$2,500,000
Restricted	2,500,000	2,500,000
GF/GP	\$0	\$0

TREASURY**14. Tax Compliance**

Includes \$500,000 million Gross and 9.0 FTEs in additional audit staff to meet obligations of Michigan Business Tax business filings of the Unitary Business Group filers. Program is expected to generate \$4.0 million in FY 2010-11 and \$10.0 million in FY 2011-12. Increase in revenue will be to the General Fund and School Aid Fund. (2/11/10 SBO letter)

FTEs	9.0	9.0
Gross	\$500,000	\$500,000
Restricted	500,000	500,000

15. Tax Processing

Increases funding by \$200,000 Gross and 4.0 FTEs to eliminate backlog of paid error returns to be processed. Program is expected to generate \$10.0 million in revenue between the General Fund and School Aid Fund beginning in FY 2010-11. (2/11/10 SBO letter)

FTEs	4.0	4.0
Gross	\$200,000	\$200,000
Restricted	200,000	200,000

16. Great Lakes Water Quality Bond

Reduces FY 2009-10 funding for debt service on Great Lakes Water Quality Bonds by \$12,481,500. New issues for debt service on the bond were revised down when the Department of Environmental Quality received their allocation of federal revenue. (2/11/10 SBO letter)

Gross	(\$12,481,500)	(\$12,481,500)
GF/GP	(\$12,481,500)	(\$12,481,500)

FY 2009-10 Boilerplate Items:**Executive****House****Senate****COMMUNITY HEALTH****1. Substance Abuse Prevention, Education and Treatment**

Restores the relevant sections of section 407 of Public Act 131 of 2009 (House Bill 4436), not including subsection (7). See the repealer in the item below for more detail.

Not Included	Sec. 301
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2. Repealer - Substance Abuse Prevention, Education and Treatment

Repeals section 407 from Public Act 131 of 2009 (House Bill 4436) which was included in error. Subsection (7) of this section would have deemed Prepaid Inpatient Health Plans (PIHPs) as the only entity being eligible for the reimbursement of funds appropriated for substance abuse coordinating agencies effective April 1, 2010. However, this provision was not consistent with funding decisions.

Not Included	Sec. 1001
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FY 2009-10 Boilerplate Items:**Executive****House****Senate****3. Repealer - Medicaid Optional Services**

Repeals section 1630 from Public Act 131 of 2009 (House Bill 4436) which was included in error. The section requires that coverage for certain Medicaid optional services be continued at not less than the levels in effect on October 1, 2002 with certain exceptions. Actual funding for these services, however, was eliminated in E.O. 2009-22, and the savings from these eliminations were retained by the Legislature in the FY 2009-10 DCH budget act.

Not Included

Sec. 1001

LEGISLATURE**4. Census Tracking/Reapportionment**

Designates appropriations for census tracking/reapportionment as work project appropriations.

Not Included

Sec. 401

NATURAL RESOURCES AND ENVIRONMENT**5. Michigan Historical Program**

Allows Department to charge fees for various historical program services such as historical markers, document production, conferences, admissions, workshops and use of facilities. (2/11/10 SBO letter)

Included

Sec. 501

6. Nonpoint Source Water Pollution Grant Program

Provides that Nonpoint Source Pollution Prevention funding are work project appropriations and allows carry-forward of any remaining funds; requires that all projects be accomplished by contract and the total cost of projects be identified in line-item appropriations. Completion date is September 30, 2014. (4/19/10 SBO letter)

Included

Sec. 502

7. Admissions Fees

States intent that funds for Michigan Historical Program not be generated by admissions fees for the Michigan Historical Museum and other state historical facilities.

Not Included

Sec. 503

STATE**8. Help America Vote Act**

States that unexpended funds are considered work project appropriations and the unencumbered balance are carried over into the succeeding fiscal year. Requires that projects be accomplished with state employees, by contracts with private vendors, or by grants to local units of government. Tentative completion date for the projects is September 30, 2014. (2/11/10 SBO letter)

Included

Sec. 601