

FY 2009-10 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed by the Senate
House Bill 5409 (S-7)



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	\$79,489,200	(\$123,778,100)
Energy, Labor, Econ Growth	480,000	0	480,000	0	480,000	0
Human Services	3,960,600	(103,600)	0	0	3,960,600	(103,600)
Judiciary	450,000	0	450,000	0	450,000	0
Legislature	0	0	1,000,000	1,000,000	878,000	878,000
Nat Resources & Environ	3,300,000	0	3,275,000	0	3,300,000	0
State	5,872,700	293,700	5,872,700	293,700	5,872,700	293,700
State Police	0	0	2,500,000	0	0	0
Treasury	(11,781,500)	(12,481,500)	(8,781,500)	(12,481,500)	(8,781,500)	(12,481,500)
TOTAL	\$103,780,300	(\$12,291,400)	\$103,794,700	(\$11,187,800)	\$85,649,000	(\$135,191,500)

*Reflects all pending supplemental requests received from State Budget Office (excluding those subsequently rescinded or funded from resources subsequently utilized in FY 2010-11 budget).

**As passed the House on April 29, 2010.

OVERVIEW

The Senate-passed version of House Bill 5409 contains supplemental appropriations totaling a positive \$88.2 million Gross and a negative \$135.8 million GF/GP. The bill generally reflects currently-pending supplemental requests received from the State Budget Office.

The sizable reduction in GF/GP appropriations in the Community Health budget is the result of (1) offsetting \$101.8 million in GF/GP revenue appropriated for Medicaid program with equal amount of revenue available from Merit Award Trust Fund and (2) recognizing savings of \$22.4 million GF/GP related to the Medicare Part D Prescription Drug Program "clawback" payment (savings of \$71.9 million have previously been recognized in the FY 2009-10 budget). These adjustments were not submitted as formal requests by the State Budget Office, but have been assumed as components of balancing the FY 2009-10 GF/GP budget.

Additionally, the bill contains \$400,000 GF/GP in the Community Health budget for the Chaldean Chamber Foundation to provide supportive services to Chaldean immigrants, \$878,00 GF/GP in the Legislature budget for redistricting costs, and \$3.0 million in restricted funds in the Treasury budget for personal property tax audits.

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)

	Gross	\$0	\$0	\$0
Federal		(8,893,000)	(8,893,000)	(8,893,000)
Restricted		8,893,000	8,893,000	8,893,000

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)

	Gross	\$0	\$0	\$0
Federal		3,713,900	3,713,900	3,713,900
GF/GP		(\$3,713,900)	(\$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	\$0
Federal		(3,713,900)	(3,713,900)	(3,713,900)
GF/GP		\$3,713,900	\$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	\$101,498,500
Federal		60,185,700	60,185,700	60,185,700
ARRA		10,231,000	10,231,000	10,231,000
Restricted		31,081,800	31,081,800	31,081,800

5. Medicare Part D ARRA Enhanced FMAP Adjustment

GF/GP savings of \$22.4 million are recognized by the Senate, due to a change in federal policy that now allows the application of the enhanced ARRA Medicaid FMAP rate to the calculation of the Medicare Part D Prescription Drug Program phased-down state contribution, also known as the "clawback" payment. It is estimated that the retroactive adjustment of Michigan's clawback payments to October 1, 2008, using the enhanced FMAP rate, would generate \$94.3 million in GF/GP savings available in FY 2009-10. Savings of \$71.9 million were previously recognized in House Bill 6086. (No formal SBO request)

	Gross	--	--	(\$22,409,300)
GF/GP		--	--	(\$22,409,300)

6. Merit Award Trust Fund

Senate offsets \$101.8 million in GF/GP revenue appropriated for Medicaid program with equal amount of revenue available from Merit Award Trust Fund. This GF/GP offset has been assumed as part of balancing the FY 2009-10 GF/GP budget. (No formal SBO request)

	Gross	--	--	\$0
Restricted		--	--	101,813,300
GF/GP		--	--	(\$101,813,300)

7. Multicultural Services

Senate adds \$400,000 GF/GP for Chaldean Chamber Foundation to provide supportive services to Chaldean immigrants.

	Gross	--	--	\$400,000
GF/GP		--	--	\$400,000

FY 2009-10 Appropriation Items:**ENERGY, LABOR, AND ECONOMIC GROWTH****8. 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	4.0
Gross	\$440,000	\$440,000	\$440,000	\$440,000
Restricted	440,000	440,000	440,000	440,000

9. 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	\$40,000	\$40,000
Restricted	40,000	40,000	40,000	40,000

HUMAN SERVICES**10. Food Assistance Program Recoupment Revenue**

Increases public assistance recoupment revenues by \$3.4 million for food assistance program to reflect projected recoupments. Recoupment revenue is used to offset federal food assistance funds. Funding is needed by September 30. (6/2/10 SBO letter)

Gross	\$0	--	\$0	\$0
Federal	(3,400,000)	--	(3,400,000)	(3,400,000)
Restricted	3,400,000	--	3,400,000	3,400,000

11. Emergency TANF Contingency Funds (ARRA): FIP Supplement

Reduces \$4.5 million in federal funding to be offset with ETCF to fund FIP clothing supplement. Funding is needed by September 30. (6/2/10 SBO letter)

Gross	\$0	--	\$0	\$0
Federal	(4,466,800)	--	(4,466,800)	(4,466,800)
ARRA	4,466,800	--	4,466,800	4,466,800

12. Emergency TANF Contingency Funds (ARRA): Federal Fund Shift

Increases ETCF ARRA funds by \$37.1 million to increase the TANF to Title XX (Social Services Block Grant) transfer. Federal funding will be used elsewhere in the budget to offset federal funds that could not otherwise be claimed. Funding is needed by September 30. (6/2/10 SBO letter)

Gross	\$0	--	\$0	\$0
Federal	(37,074,800)	--	(37,074,800)	(37,074,800)
ARRA	37,074,800	--	37,074,800	37,074,800

13. TANF Carryforward and Emergency TANF Contingency Funds (ARRA): GF/GP Offset

Offsets \$2.9 million in GF/GP in family independence program line item with federal funds freed up by appropriating TANF carryforward. GF/GP offset will be used elsewhere in the budget to fund the following program enhancements that are reviewed in the next budget items: community outreach program and juvenile justice facilities (6/2/10 SBO letter) Senate Bill 797 as enacted included the increase to the Electronic Benefit Transfer (EBT) line item did not use the \$103,600 in GF/GP offset available for the increase to the.

Gross	\$0	--	\$0	\$0
Federal	2,875,500	--	2,875,500	2,875,500
GF/GP	(\$2,875,500)	--	(\$2,875,500)	(\$2,875,500)

14. Emergency TANF Contingency Funds (ARRA): Community Outreach Program

Increases funding \$2.0 million for community services and outreach activities to be administered by Self-Help Addiction Rehabilitation - a Detroit based substance abuse treatment facility. (6/2/10 SBO letter) Senate as passed version of the FY 2010-11 DHS budget uses this \$2.0 million of offset GF/GP instead of funding Self-Help Addiction Rehabilitation in FY 2009-10.

Gross	\$2,000,000	--	\$2,000,000	\$2,000,000
GF/GP	2,000,000	--	2,000,000	2,000,000

FY 2009-10 Appropriation Items:**15. Emergency TANF Contingency Funds (ARRA): Juvenile Justice Facilities**

Reduces amount of local school aid funding based on continued declines in the number of youth at the facilities (\$771,900) GF/GP is used to offset this reduction to meet other facility operation needs. Funding is needed by September 30. (6/2/10 SBO letter)

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	\$0	--	\$0
Local	(771,900)	--	(771,900)
GF/GP	\$771,900		\$771,900

16. Early Childhood Investment Corporation (ARRA)

Increases child care and development ARRA funds by \$2.0 million. ARRA funds are used to support child care quality improvements for infant and toddler care. Executive has stated that ARRA funding needs to be encumbered by September 30 or it will be lost. (6/2/10 SBO letter)

Gross	\$1,960,600	--	\$1,960,600
ARRA	1,960,600	--	1,960,600

JUDICIARY**17. 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	\$200,000
Federal	200,000	200,000	200,000

18. 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	\$250,000
Federal	250,000	250,000	250,000

LEGISLATURE**19. Census Tracking/Reapportionment**

House 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. Senate adjusts appropriation down to \$878,000, split equally between House and Senate.

Gross	--	\$1,000,000	\$878,000
GF/GP	--	\$1,000,000	\$878,000

NATURAL RESOURCES AND ENVIRONMENT**20. 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 excludes \$25,000 in funds associated with potential revenue from museum admissions fees. Senate includes entire requested amount.

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

21. 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	\$3,000,000
Restricted	3,000,000	3,000,000	3,000,000

STATE**22. 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	\$5,872,700
Federal	5,579,000	5,579,000	5,579,000
GF/GP	\$293,700	\$293,700	\$293,700

FY 2009-10 Appropriation Items:**STATE POLICE****23. 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) Subsequent to House passage of the bill, this supplemental request was enacted into law as part of House Bill 6086.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	--	\$2,500,000	--
Restricted	--	2,500,000	--
GF/GP	--	\$0	--

TREASURY**24. 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	9.0
Gross	\$500,000	\$500,000	\$500,000
Restricted	500,000	500,000	500,000

24. 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	4.0
Gross	\$200,000	\$200,000	\$200,000
Restricted	200,000	200,000	200,000

25. 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)	(\$12,481,500)
GF/GP	(\$12,481,500)	(\$12,481,500)	(\$12,481,500)

26. Personal Property Tax Audits

House and Senate include \$3.0 million for personal property tax audits. Costs are to be funded through delinquent tax collection revenue.

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

FY 2009-10 Boilerplate Items:**GENERAL****1. 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. (8/2/10 SBO letter)

<u>Executive</u>	<u>House</u>	<u>Senate</u>
Included	Sec. 203	Sec. 203

2. 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). (8/2/10 SBO letter)

Included	Sec. 204	Sec. 204
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3. Federal Requirements Incorporated by Reference

Requires subrecipients of ARRA funds appropriated to comply with all federal requirements regarding certification, accountability, and transparency. (8/2/10 SBO letter).

Included	Sec. 205	Sec. 205
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4. 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.

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COMMUNITY HEALTH**5. Substance Abuse Prevention, Education and Treatment**

Restores the relevant sections of section 407 of Public Act 131 of 2009 (House Bill 4436), not including subsections (5), (6), and (7). See the repealer in the item below for more detail.

--	Sec. 301	Sec. 351
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FY 2009-10 Boilerplate Items:**6. 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. Subsections (5) and (6) of the section were vetoed.

Executive**House****Senate**

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Sec. 1001

Sec. 1001

7. 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.

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Sec. 1001

Sec. 1001

HUMAN SERVICES**8. Community Services and Outreach Work Project**

Appropriates \$2 million for community outreach activities to Self-Help Addiction Rehabilitation, Inc. Allows funding to be designated as a work project. (6/2/10 SBO letter)

Included

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Sec. 431

LEGISLATURE**9. Census Tracking/Reapportionment**

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

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Sec. 401

Sec. 451

NATURAL RESOURCES AND ENVIRONMENT**10. 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

Sec. 501

11. 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

Sec. 502

12. 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.

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Sec. 503

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STATE**13. 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

Sec. 601

14. Personal Property Tax Audits

House states purpose of appropriation for personal property tax audits. Senate expands language to designate appropriation as a multi-year work project; funds will not lapse at close of fiscal year.

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Sec. 701

Sec. 701