



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 831 (Substitute S-2)  
Sponsor: Senator Ron Jelinek  
Committee: Appropriations

**CONTENT**

The annual appropriation bills for fiscal year (FY) 2009-10 might not be signed into law by the Governor by October 1, 2009. Absent enacted appropriation bills, the State will have no ability to fund any programs or pay for any expenses incurred after October 1, 2009. The provision of temporary or interim appropriations would eliminate this potential disruption in State government programs or services for the month of October 2009. Senate Bill 831 (S-2) would provide for interim appropriations for the period October 1, 2009, through October 31, 2009, for all State departments and agencies, the legislative branch, the judicial branch, community colleges, universities, and capital outlay programs.

**FISCAL IMPACT**

The bill would provide for Gross appropriations of \$2.9 billion, of which \$688.8 million are funded with General Fund/General Purpose (GF/GP) appropriations. The bill includes the appropriation authorization of 177.5 unclassified positions, 491.0 exempted positions, and 55,775.8 full-time equated classified positions. The funding levels assumed in the bill, with several exceptions, are for 1/12<sup>th</sup> (8.3%) of the FY 2009-10 GF/GP appropriation targets agreed to by the Senate Majority Leader and the Speaker of the House on September 16, 2009. There is a single line-item appropriation, with several exceptions, for most departments and agencies. The bill also contains language that instructs the Executive branch to distribute the line-item appropriation for each department based on the policies, procedures, and conditions in place during FY 2008-09. The final items in the bill are numerous boilerplate language sections that are necessary to ensure that departmental operations would continue during October 2009 at the same level as in FY 2008-09.

**Departmental Line-Item Appropriations**

The appropriations for the Departments of Agriculture, Attorney General, Civil Rights, Community Health, Corrections, Education, Energy, Labor and Economic Growth, Environmental Quality, Human Services, Information Technology, Military and Veterans Affairs, Natural Resources, State, and State Police, the Executive Office and the Michigan Strategic Fund represent an appropriation equal to 1/12<sup>th</sup> of the FY 2009-10 leadership appropriation targets. The appropriations for the Legislature, the Legislative Auditor General, and the Judicial branch also represent an appropriation equal to 1/12<sup>th</sup> of the FY 2009-10 leadership appropriation targets. The appropriations for the Department of Management and Budget, Treasury, and Transportation also include a specific appropriation line item for debt service payments on outstanding bonds and the appropriation for revenue sharing payments to be paid in October. The appropriations in these departments for debt service payments are equal to the projected level of debt service payments due in October 2009.

The appropriations for community colleges and universities are equal to the projected State appropriations that the institutions would receive in October 2009 based on the payment schedules currently in law. Table 1 summarizes the Gross and GF/GP appropriations included in the bill.

| <b>Table 1</b><br><b>FY 2009-10 Gross and GF/GP Appropriations</b><br><b>Senate Bill 831 (S-2)</b><br><b>(Actual Dollars)</b> |                                |                                |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>Department/Budget Area</b>                                                                                                 | <b>Gross<br/>Appropriation</b> | <b>GF/GP<br/>Appropriation</b> |
| Agriculture .....                                                                                                             | \$8,381,600                    | \$2,549,000                    |
| Attorney General.....                                                                                                         | 6,086,400                      | 2,398,800                      |
| Civil Rights.....                                                                                                             | 1,108,700                      | 924,000                        |
| Community Colleges.....                                                                                                       | 24,946,700                     | 24,946,700                     |
| Community Health .....                                                                                                        | 1,052,014,600                  | 186,138,800                    |
| Corrections.....                                                                                                              | 158,436,300                    | 152,533,300                    |
| Education.....                                                                                                                | 9,795,000                      | 1,619,100                      |
| Energy, Labor, and Economic Growth .....                                                                                      | 115,686,000                    | 4,474,200                      |
| Environmental Quality .....                                                                                                   | 28,781,000                     | 2,245,900                      |
| Executive Office .....                                                                                                        | 402,000                        | 402,000                        |
| Higher Education.....                                                                                                         | 141,442,100                    | 125,642,100                    |
| Human Services.....                                                                                                           | 437,351,700                    | 69,389,100                     |
| Information Technology .....                                                                                                  | 35,016,900                     | 0                              |
| Judiciary .....                                                                                                               | 21,309,800                     | 12,761,100                     |
| Legislature .....                                                                                                             | 8,826,500                      | 8,700,700                      |
| Legislative Auditor General.....                                                                                              | 1,214,900                      | 936,500                        |
| Management and Budget .....                                                                                                   | 61,741,200                     | 39,945,700                     |
| Michigan Strategic Fund.....                                                                                                  | 12,427,000                     | 2,261,300                      |
| Military and Veterans Affairs.....                                                                                            | 16,759,300                     | 3,035,500                      |
| Natural Resources .....                                                                                                       | 25,251,900                     | 1,393,700                      |
| State .....                                                                                                                   | 17,670,100                     | 1,938,000                      |
| State Police .....                                                                                                            | 42,959,900                     | 22,271,600                     |
| Transportation .....                                                                                                          | 431,644,000                    | 0                              |
| Treasury .....                                                                                                                | 230,807,100                    | 22,247,300                     |
| <b>Total .....</b>                                                                                                            | <b>\$2,890,060,700</b>         | <b>\$688,754,400</b>           |

### **Boilerplate Language**

**Sec. 201.** Provides for the suspension of the one-month interim appropriations as soon as the annual appropriations are enacted into law.

**Sec. 203.** Requires the State Budget Director to make allotments to departments for the appropriations in the bill.

**Sec. 302.** Outlines the duties of the Office of Attorney General involving defending State agencies in lawsuits.

**Sec. 350.** Provides for the Department of Civil Rights to receive and spend funds from local and private sources above the level appropriated in the bill.

**Sec. 375.** Provides for payments by Community Mental Health boards for the provision of mental health services in their jurisdictions.

**Sec. 376.** Allows the Department of Community Health to charge for the distribution of certain information.

**Sec. 377.** Provides for the assessment of a penalty if a county ceases to participate in a district health department.

**Sec. 378.** Provides for the allocation of State funds to local public health departments and defines statutory required services to be provided.

**Sec. 379.** Authorizes area agencies on aging to receive and spend fees.

**Sec. 380.** Provides for payments to Medicaid providers and describes Federal conditions on these payments.

**Sec. 381.** Establishes Medicaid pharmacy dispensing fees and co-payment requirements.

**Sec. 382.** Describes departmental policy regarding the collection of supplemental rebates from pharmaceutical manufacturers.

**Sec. 383.** Describes co-payments in the Medicaid program.

**Sec. 384.** Describes requirements for cost reports for certain Medicaid providers.

**Sec. 385.** Describes policies for establishing Medicaid nursing home rates.

**Sec. 386.** Describes Medicaid school-based services payments.

**Sec. 387.** Describes the interdepartmental grant received from the Department of Corrections for prison mental health services.

**Sec. 388.** Deals with the delivery of mental health services by Community Mental Health Boards in the Department of Community Health.

**Sec. 400.** Allows the Department of Corrections to charge and collect fees for certain purposes.

**Sec. 406.** Allows the Department of Corrections to administer a county jail reimbursement program.

**Sec. 425.** Allows the Department of Education to allocate a portion of the Federal drug-free grant to the safe school program.

**Sec. 427.** Allows the Department of Education to assess certain costs to local school districts for students enrolled at the Michigan Schools for the Blind and Deaf.

**Sec. 429.** Allows the Department of Education to lease excess space at the Michigan Schools for the Blind and Deaf to private or publicly funded organizations.

**Sec. 430.** Allows the Department of Education to spend funds collected by the Department for conference and workshop services provided.

**Sec. 450.** Allows the Department of Environmental Quality to spend funds appropriated in a prior fiscal year for environmental cleanup projects.

**Sec. 550.** Provides for the Department of Human Services to reimburse tribal governments for foster care services provided.

**Sec. 552.** Provides for the Department of Human Services to assess matching funds for agencies receiving teenage parent counseling funding.

**Sec. 556.** Allows the Department of Human Services to charge back to counties 50.0% of regional detention services expenditures.

**Sec. 558.** Provides for the distribution of Federal child support payments received by the Department of Human Services.

**Sec. 560.** Provides for the assessment of fees for the licensing of child care and adult foster care facilities by the Department of Human Services.

**Sec. 575.** Allows the assessment of fees by the Department of Information Technology for the use of the Michigan public safety communications system.

**Sec. 580.** Deals with the direct trial court automation project in the Judiciary.

**Sec. 600.** Allows the Department of Energy, Labor, and Economic Growth to spend funds collected in connection with the conservatorship of a financial institution.

**Sec. 601.** Allows the Department of Energy, Labor, and Economic Growth to spend funds collected by the Department for document reproduction services.

**Sec. 602.** Allows the Department of Energy, Labor, and Economic Growth to spend funds received from the liquidation of a corporation.

**Sec. 604.** Provides the Department of Energy, Labor, and Economic Growth with a fee structure for the distribution of certain materials.

**Sec. 606.** Provides the Department of Energy, Labor, and Economic Growth with a fee structure for fire inspections.

**Sec. 608.** Provides the Department of Energy, Labor, and Economic Growth with a fee structure for certain departmental publications.

**Sec. 610.** Authorizes the Department of Energy, Labor, and Economic Growth to spend funds received from the Land Bank Fast Track Authority.

**Sec. 612.** Authorizes the Department of Energy, Labor, and Economic Growth to spend funds received from the distribution of the Michigan Administrative Code.

**Sec. 614.** Enables the Department of Energy, Labor, and Economic Growth to pass through certain Federal funds to local government.

**Sec. 625.** Enables the Department of Management and Budget to spend revenue received for building maintenance and building services activities.

**Sec. 627.** Provides for the Department of Management and Budget to spend certain funds on joint labor and management activities.

**Sec. 631.** Allows the Department of Management and Budget to spend funds collected by the Department for data imaging and conference services.

**Sec. 635.** Provides for the Department of Management and Budget to assess certain charges to be used for the financing of civil service functions.

**Sec. 637.** Provides for the payment of certain costs associated with civil service functions.

**Sec. 645.** Allows the Department of Management and Budget to take cash advances from the General Fund to be used for the short-term financing of construction projects financed by the State Building Authority.

**Sec. 650.** Requires facility revenue in excess of operational cost to be used for the retirement of bonds issued by the State Building Authority.

**Sec. 660.** Requires that a portion of the appropriations for State Building Authority bond payments be used for the payment of insurance premiums on buildings.

**Sec. 675.** Allows the Department of Military and Veterans Affairs to charge fees for certain services provided and the use of armories.

**Sec. 700.** Authorizes the Department of Natural Resources to levy fees associated with the costs of selling surplus State land.

**Sec. 721.** Allows the Department of Natural Resources to spend fees received for certain services provided under law.

**Sec. 722.** Allows the Department of Natural Resources to spend funds collected by the Department for document reproduction, conference and training services.

**Sec. 723.** Allows for the appropriation of certain restricted funds to the Department of Natural Resources.

**Sec. 725.** Provides the Department of State with the authority to spend for administration of assigned claims pursuant to the Insurance Code.

**Sec. 730.** Provides for the Department of State to charge \$7 for each record sold for looking up information in the possession of the Department.

**Sec. 735.** Provides the Department of State with authorization to spend funds to cover cash shortages created in the normal operation of branch offices.

**Sec. 740.** Authorizes the Department of State to distribute funds collected from the sale of specialty license plates.

**Sec. 745.** Authorizes the Department of State to spend funds collected as a result of purchases paid for by a credit or debit card.

**Sec. 750.** Provides the Department of State Police with the authority to spend funds for emergency purposes.

**Sec. 751.** Authorizes the Department of State Police to spend user fees involving its data base.

**Sec. 775.** Allows the Strategic Fund Agency to collect fees for travel products provided to the media.

**Sec. 780.** Allows the Strategic Fund Agency to collect and spend royalties associated with Michigan travel promotions.

**Sec. 800.** Deals with the distribution transportation funds among different fund groups in the Department of Transportation.

**Sec. 825.** Allows the Department of Treasury to make debt service payments on State-issued bonds and on short-term cashflow borrowing.

**Sec. 826.** Allows the Department of Treasury to contract with private firms to assist in the collection of delinquent State taxes.

**Sec. 827.** Allows the Department of Treasury to make payments to financial institutions for services provided.

**Sec. 828.** Allows the Department of Treasury to collect fees from actions regarding the garnishment of wages.

**Sec. 829.** Allows the Department of Treasury to contract with private firms for the audit of unclaimed property.

**Sec. 830.** Allows the Department of Treasury to charge other State departments for services provided.

**Sec. 831.** Allows the Department of Treasury to spend funds for the operation of the Michigan Education Trust.

**Sec. 832.** Allows the Department of Treasury to spend funds for the operation of the Hospital Finance Authority.

**Sec. 833.** Allows the Department of Treasury to spend funds received under the Shared Credit Rating Act.

**Sec. 834.** Allows the Department of Treasury to spend funds on the Michigan Higher Education Facilities Authority.

**Sec. 835.** Allows the Department of Treasury to spend funds on the Michigan Public Education Facilities Authority.

**Sec. 836.** Allows the expenditure of funds for the operation of the Michigan Lottery.

**Sec. 837.** Allows the expenditure of funds by the Michigan Gaming Control Board.

**Sec. 838.** Allows the Department of Treasury to provide assistance to a local revenue sharing board created under the Indian Gaming Regulatory Act.

**Sec. 839.** Allows the expenditure of funds by the Michigan Tobacco Settlement Finance Authority.

**Sec. 840.** Provides for the distribution of Constitution and statutory revenue sharing payments due to cities, villages, and townships in the month of October 2009.

**Sec. 850.** Provides for an estimate of State revenue pursuant to Section 18 of Article V of the State Constitution.

Date Completed: 9-23-09

Fiscal Analyst: Gary S. Olson

Floor\sb831

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.