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BILL ANALYSIS



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House Bill 5409 (Substitute S-7)
Sponsor: Representative George Cushingberry
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

House Bill 5409 (S-7) would provide for supplemental appropriations for fiscal year (FY) 2009-10. Specifically, the bill would appropriate \$85.6 million of Gross appropriations for six State departments and the Judiciary and the Legislature. The passage of the bill would provide for a \$135.2 million reduction in General Fund/General Purpose (GF/GP) appropriations. The appropriations contained in the bill are a component of the budget target agreement reached by the Governor and the leaders of the Legislature on September 9, 2010. Table 1 provides a summary of the line-item appropriations contained in the bill.

Line-Item Appropriations

Community Health: The bill contains \$79.5 million of Gross appropriations and a \$123.8 million reduction in GF/GP appropriations. The first appropriation provides for a fund source shift from Federal to State Restricted funding in the Community Mental Health/Substance Abuse Program. The second appropriation involves the Medicaid program. The Medicaid program funding is adjusted for the appropriation of additional Federal funds related to Medicare "clawback" calculations and the appropriation of available Merit Award Trust Fund revenue to offset GF/GP appropriations. The bill also contains a \$400,000 GF/GP appropriation for multi-cultural grants designated for the Chaldean Community Foundation.

Energy, Labor, and Economic Growth: The bill contains \$480,000 of State Restricted funding for the Public Service Commission (\$440,000), and the Bureau of Fire Services (\$40,000).

Human Services: The bill contains \$4.0 million of Gross appropriations and a \$103,600 GF/GP appropriation reduction. A total of \$2.0 million GF/GP is allocated for community services outreach projects. Federal American Recovery and Reinvestment Act of 2009 (ARRA) funding is appropriated for the Early Childhood Investment Corporation (\$2.0 million). A fund source shift in the Juvenile Justice program increases GF/GP appropriations by \$771,900. A fund source shift in the Family Independence Program reduces GF/GP appropriations by \$2.9 million.

Judiciary: The bill provides for a \$200,000 Gross funding increase for drug courts, funded with revenue transferred by the Department of State Police. Funding for the Appellate Public Defender is increased by \$250,000 of Federal funds.

Legislature: The bill provides for \$878,000 for the costs associated with purchasing products and services dealing with the implementation of the 2010 census and the reapportionment of legislative districts.

Natural Resources and Environment: The bill provides for \$300,000 of State Restricted funding for the Michigan Historical program. Funding for the nonpoint water pollution control program is increased by \$3.0 million of State Restricted funds.

State: The bill contains the appropriation of \$5.9 million for the Help America Vote Program. This funding consists of \$5.6 million of Federal funds and \$293,700 of GF/GP funds for the required State matching funds.

Treasury: The bill contains an \$8.8 million reduction in Gross appropriations and a \$12.5 million reduction in GF/GP appropriations. Appropriation increases include \$500,000 and 9.0 full-time equated positions in tax compliance and \$200,000 and 4.0 full-time equated positions in tax processing. These appropriations are funded with State Restricted funds. A total of \$3.0 million of State Restricted funding is made available for the supervision of the property tax law for personal property tax audits. The final item is a \$12.5 million reduction in Gross and GF/GP funding for Great Lakes Water Quality bonds. This reduction in debt service payments is a result of lower interest rates and the refinancing of outstanding general obligation bonds.

Boilerplate Language Sections

Sec. 201: Reports on total State spending and payments to local units of government.

Sec. 202: Subjects the appropriations in the bill to provisions of the Management and Budget Act.

Sec. 203: Permits the appropriation of any additional Federal funds awarded to the State due to recalculation of formulas and under redistribution provisions of ARRA and requires a report to the Legislature on any such appropriation.

Sec. 204: Establishes work project status for any ARRA funds appropriated in the bill that are not spent during the fiscal year.

Sec. 205: Requires that local government and eligible subrecipients receiving ARRA funds comply with all of the reporting and expenditure requirements of ARRA.

Sec. 206: Specifies that the appropriations in the bill financed by Federal ARRA funds are temporary in nature.

Sec. 351: Places conditions on the substance abuse appropriations contained in the original Community Health appropriation bill.

Sec. 431: Requires the \$2.0 million Human Services appropriation for demonstration projects to be allocated to the Self-Help Addiction Rehabilitation program for community services and outreach activities.

Sec. 451: Establishes work project status for the appropriation to the Legislature for reapportionment costs.

Sec. 501: Authorizes collections by the Department of Natural Resources and Environment in the history program.

Sec. 502: Establishes work project status for the appropriation in the Department of Natural Resources and Environment for nonpoint water pollution control.

Sec. 503: Prohibits the Department of Natural Resources and Environment from charging admission fees to the Michigan Historical Museum.

Sec. 601: Establishes work project status for the appropriation in the Department of State for the Help America Vote program.

Sec. 701: Specifies that the appropriation for the supervision of the property tax law in the Department of Treasury must be used to fund the audits of personal property taxpayers and establishes work report status for the appropriation.

Repealers: Repeals Section 407 and Section 1630 of Public Act 131 of 2009, the initial FY 2009-10 appropriation bill for the Department of Community Health. Section 407 contains language dealing with the distribution of substance abuse grants. This repealed language is replaced with Section 351. Section 1630 contains language dealing with expenditure of funds for podiatric services, adult dental services, and chiropractic services.

Table 1

FY 2009-10 Supplemental Appropriations House Bill 5409 (S-7) (Actual Dollars)		
Department/Item	Gross	GF/GP
Community Health		
Community Mental Health Fund Source Shift	\$0	\$0
Medicaid Funding Adjustments.....	79,089,200	(123,778,100)
Multi-Cultural Grants.....	400,000	400,000
Subtotal Community Health	79,489,200	(123,778,100)
Energy, Labor, and Economic Growth		
Public Service Commission (4.0 FTEs).....	440,000	0
Bureau of Fire Services.....	40,000	0
Subtotal Energy, Labor, and Economic Growth.....	480,000	0
Human Services		
Demonstration Projects	2,000,000	2,000,000
Early Childhood Investment Corporation (ARRA)	1,960,600	0
Juvenile Justice Fund Source Shift.....	0	771,900
Family Independence Program Fund Source Shift	0	(2,875,500)
Subtotal Human Services.....	3,960,600	(103,600)
Judiciary		
Drug Treatment Courts.....	200,000	0
Appellate Public Defender	250,000	0
Subtotal Judiciary	450,000	0
Legislature		
Reapportionment Costs	878,000	878,000
Subtotal Legislature	878,000	878,000
Natural Resources and Environment		
Michigan Historical Program	300,000	0
Nonpoint Water Pollution Control	3,000,000	0
Subtotal Natural Resources and Environment	3,300,000	0
State		
Help America Vote Act.....	5,872,700	293,700
Subtotal State.....	5,872,700	293,700
Treasury		
Tax Compliance (9.0 FTEs)	500,000	0
Tax Processing (4.0 FTEs).....	200,000	0
Supervision of General Property Tax Law	3,000,000	0
General Obligation Bond Debt Service.....	(12,481,500)	(12,481,500)
Subtotal Treasury	(8,781,500)	(12,481,500)
Total.....	\$85,649,000	(\$135,191,500)

FISCAL IMPACT

The bill would provide for FY 2009-10 supplemental appropriations, reflecting the budget target agreement reached by the Governor and leaders of the Legislature on September 9, 2010. The bill would appropriate \$86.6 million of Gross appropriations for six State departments, the Judiciary, and the Legislature, and would provide for a \$135.2 million reduction in GF/GP appropriations.

Date Completed: 9-29-10

Fiscal Analyst: Gary S. Olson

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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.