

FY 2010-11 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed by the Senate
Senate Bill 237 (S-1) as Amended



Director: Mary Ann Cleary
Deputy Director: Kyle I. Jen

	Executive*		Senate		House	
Budget Area	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture & Rural Develop	\$0	\$0	\$0	\$0		
Capital Outlay	100	100	100	100		
Human Services	(8,500,000)	0	(8,500,000)	0		
Licensing & Reg Affairs	38,250,000	38,250,000	38,250,000	38,250,000		
Military & Veterans Affairs	100,000	100,000	100,000	100,000		
State Police	0	(922,000)	0	(922,000)		
Transportation	398,112,000	0	398,112,000	0		
TOTAL	\$427,962,100	\$37,428,100	\$427,962,100	\$37,428,100		

*Reflects State Budget Office supplemental requests 2011-9 and 2011-10 and Capital Outlay request submitted on September 1, 2011.

OVERVIEW

In letters dated September 8 and September 19, 2011, the State Budget Office requested FY 2010-11 supplemental appropriations totaling \$428.0 million Gross and \$37.4 million GF/GP. The bulk of the requested Gross appropriations are for passenger rail-related appropriations in the Transportation budget. The largest GF/GP appropriation item is \$38.3 million to enable the Unemployment Insurance Agency (Department of Licensing and Regulatory Affairs) to pay interest on federal unemployment insurance Title 12 advances that is due on September 30, 2011.

Additionally, the request contains a transfer of \$213.8 million GF/GP to the Medicaid Benefit Trust Fund in order to set aside funds to be utilized in the event one or more disallowances related to the Community Health budget are received from the federal government. **In sum, then, the bill would utilize a total of \$251.2 million in GF/GP revenue available in FY 2010-11.** A figure of \$229.0 million had been assumed in the leadership agreement for the FY 2011-12 budget; the figure is slightly higher now due to a technical adjustment.

Additionally, the State Budget Office, in a letter dated September 1, 2011, requested a \$100 placeholder appropriation to establish construction authorization for a Capital Outlay project at Montcalm Community College.

Senate Bill 237 (S-1), as passed by the Senate, contains the SBO requests described above in their entirety. Additionally, the bill contains boilerplate provisions related to horse racing programs in the Agriculture and Rural Development budget.

FY 2010-11 Appropriation Items:

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
CAPITAL OUTLAY			
1. Montcalm Community College - Advanced Technology Center	Gross	\$100	\$100
The project received planning authorization in Public Act 278 of 2008 and was based on a total project cost of \$6.0 million. Initially, the project involved expansion of the existing M-TEC building. Professional design services indicated that due to issues with existing mechanical systems and access to utilities on the project site, construction of a new stand-alone building would yield cost savings while accommodating the program's original components and goals. The project is now authorized at \$5.4 million (college share \$2.7 million; state share \$2.7 million), a savings of \$566,600. Project name changed from M-TEC Expansion to Advanced Technology Center. Project consists of constructing new 17,095 gross sq. ft. Advanced Technology Center and renovating existing M-TEC building. New center will allow expansion of existing renewable energy program and up-to-date classroom, laboratory, office, and support space. Renovations will allow increased utilization of existing space. The estimated completion date is December 2012.	GF/GP	\$100	\$100
HUMAN SERVICES			
2. JET Plus	Gross	(\$8,500,000)	(\$8,500,000)
Eliminates funding for new Jobs Education and Training Plus (JET Plus) program contracts. JET Plus funding was appropriated for six urban sites to provide support services, basic education, specialized training programs, and subsidized employment opportunities for public assistance recipients. Federal Emergency TANF contingency funds available through the American Recovery and Reinvestment Act (ARRA) are redirected to the Family Independence Program line item to offset regular federal TANF funds.	ARRA	(8,500,000)	(8,500,000)
3. Family Independence Program	Gross	\$0	\$0
Offsets regular federal TANF funds with Emergency TANF contingency funds available through ARRA originally appropriated for new JET Plus program. Regular TANF funds would be available for appropriation in future fiscal years.	ARRA Federal	8,500,000 (8,500,000)	8,500,000 (8,500,000)
LICENSING AND REGULATORY AFFAIRS			
4. Unemployment Programs	Gross	\$38,250,000	\$38,250,000
This supplemental appropriation would enable the Unemployment Insurance Agency (UIA) to pay interest on federal unemployment insurance Title 12 advances. On September 30, 2011, the state owes approximately \$106 million in interest payments to the federal government for loans borrowed to make statutorily-required unemployment insurance benefit payments to claimants over recent years. Currently, approximately \$47.8 million is available from state unemployment insurance Solvency Tax collections and approximately \$20.0 million from the state unemployment insurance Contingent Fund. This supplemental request from the General Fund is for the balance of the interest payments for the payment due on September 30th. Failure to pay the required interest payment by this date may result in the loss of federal FUTA tax credits for employers in the state for the year the payments are late and the loss of UIA administrative funding for the time period during which interest is outstanding. Interest will be charged on the outstanding interest until payment is made.	GF/GP	\$38,250,000	\$38,250,000
MILITARY AND VETERANS AFFAIRS			
5. Memorial and Internment of Mrs. Betty Ford	Gross	\$100,000	\$100,000
Includes funding to cover costs of services provided by the department for the memorial and internment of Mrs. Betty Ford. Such services include administrative work with the FBI, secret service, and police agencies; escort services for the family; travel to and from the airport; security services; band/chorus functions, and military honor.	GF/GP	\$100,000	\$100,000

FY 2010-11 Appropriation Items:**Executive****Senate****House****STATE POLICE****6. Additional Federal ARRA Funding**

Appropriates additional federal ARRA funding made available from the Government Services portion of State Fiscal Stabilization Fund revenue received under ARRA. Funding will be used to cover at-post trooper payroll costs that are typically funded with GF/GP, allowing for a reduction of GF/GP funding by a like amount. In FY 2008-09, \$98.1 million in revenue from this ARRA funds source was utilized to offset GF/GP funds in this manner.

Gross	\$0	\$0
Federal	922,000	922,000
GF/GP	(\$922,000)	(\$922,000)

TRANSPORTATION**7. Rail Passenger Service**

Increases spending authority in existing Rail passenger service line by \$198.1 million to allow for the expenditure of certain Federal Railroad Administration High Speed Intercity Passenger Rail (HSIPR) grants. The specific grants identified in the SBO request are: \$187.5 million for the purchase and track rehabilitation of 135.7 mile track segment between Kalamazoo and Dearborn currently owned by Norfolk Southern railway; \$800,000 related to development of a corridor investment plan in cooperation with Illinois and Indiana; \$9.4 million for the West Detroit Connection Track and Bridge project; and \$412,000 related to the construction of a new AMTRAK station in Grand Rapids and related track relocation.

Gross	\$198,100,700	\$198,100,700
Federal	159,588,700	159,588,700
Local	812,000	812,000
Private	18,950,000	18,950,000
Restricted	18,750,000	18,750,000

8. High Speed Intercity Passenger Rail (ARRA)

Creates new line item to authorize expenditure of \$200.0 million in ARRA HSIPR capital grants. Specific grants include \$196.5 million related to rehabilitation of the 135.7 mile track segment between Kalamazoo and Dearborn and \$701,600 related to the construction of a new rail passenger station in Ann Arbor.

Gross	\$200,011,300	\$200,011,300
Federal	199,309,700	199,309,700
Local	701,600	701,600

FY 2010-11 Boilerplate Items:**Executive****Senate****House****GENERAL****1. Appropriation of Additional ARRA Funds**

Appropriates any additional funds received under ARRA through redistribution provisions. Requires notice to Legislature if such funds are received.

-- Sec. 203

2. ARRA Reporting Requirements

Requires subrecipients to comply with ARRA requirements and allows transfer of funds to subrecipients.

-- Sec. 205

AGRICULTURE AND RURAL DEVELOPMENT**3. Thoroughbred Racing Programs**

Allows the use of the appropriation for thoroughbred racing programs in the FY 2010-11 agriculture budget to be used for thoroughbreds that race out of state, if there is no live thoroughbred racing in Michigan.

-- Sec. 251

COMMUNITY HEALTH**4. Potential Medicaid Disallowances and Settlement**

Appropriates \$213.8 million GF/GP into the Medicaid Benefits Trust fund (MBTF) for potential payment of federal Medicaid program payment disallowances and Medicaid fraud claims settlement. The expectation is that the State will be required to return the federal share, \$195.1 million, of Medicaid funds received in prior years for the state Forensic Center and Huron Valley Center psychiatric disproportionate share hospital (DSH) payment program. There is also the expectation that a pharmaceutical settlement between the State's Attorney General office and Specialized Pharmacy, Inc. will require that \$18.7 million be returned to the federal government. It will be necessary for the Legislature to appropriate the MBTF revenue if/when the disallowances and settlement amounts are to be paid. These items were assumed in the leadership agreement on the FY 2011-12 budget.

Included Sec. 301

TRANSPORTATION

5. *Work Project Authority*

Provides for unexpended appropriations for Rail Passenger Service and High-Speed Intercity Passenger Rail to carry forward into subsequent fiscal year, pursuant to statutory work project requirements. The tentative completion date is September 30, 2014.

Included Sec. 401