FY 2011-12 SUPPLEMENTAL APPROPRIATIONS
Summary: House Substitute for Senate Substitute House Bill 5014 (H-4)

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

	Executive*		Senate		House (H-4)**	
Budget Area	**Gross**	**GF/GP**	**Gross**	**GF/GP**	**Gross**	**GF/GP**
Agriculture & Rural Develop	$0	$0	$200,000	$0	$0	$0
Civil Rights	0	0	206,700	206,700	0	0
Community Health	320,446,100	168,691,100	348,502,000	175,354,500	320,446,100	168,691,100
Corrections	0	0	400,000	400,000	0	0
Education	206,285,800	42,045,100	206,360,800	42,120,100	206,285,800	42,045,100
Executive Office	200,000	200,000	200,000	200,000	200,000	200,000
Human Services	(175,583,000)	(42,045,100)	(175,558,000)	(42,045,100)	(175,583,000)	(42,045,100)
Legislature	0	0	523,000	523,000	470,000	470,000
Licensing & Reg Affairs	11,350,000	0	12,850,000	1,500,000	0	0
Transportation	0	0	200,000	200,000	0	0
Treasury	0	0	3,078,900	1,905,700	0	0
TOTAL	**$362,698,900**	**$168,891,100**	**$396,963,400**	**$180,364,900**	**$351,818,900**	**$169,361,100**

*Reflects State Budget Office supplemental requests 2012-1, 2012-2, 2012-3, 2012-4, 2012-5.
**Reflects House substitute to Senate-passed version of the bill. As originally passed by the House, the bill contained a more limited set of SBO-requested items, as several requests were received subsequent to initial House action on the bill.

OVERVIEW
In letters dated September 13, October 6, October 14, October 17, and October 20, the State Budget Office (SBO) requested FY 2011-12 supplemental appropriations totaling $362.7 million Gross and $168.9 million GF/GP. See item 3 below for an explanation of the bulk of the increase in requested GF/GP appropriations and associated revenue.

House Bill 5014 (S-1), as passed by the Senate, reflects the SBO requests in their entirety, as well as Senate-initiated appropriations totaling $34.3 million Gross and $11.5 million GF/GP, for total appropriations of $397.0 million Gross and $180.4 million GF/GP.

The House (H-4) substitute to the Senate-passed bill removes most non-SBO-requested items added by the Senate and concurs with most SBO-requested items. Exceptions to those general statements are detailed below in the "House" column of the tables.

Total appropriations in the (H-4) substitute are $351.8 million Gross and $169.4 million GF/GP.

FY 2011-12 Appropriation Items:		Executive	Senate	House (H-4)
AGRICULTURE				
1. Forest Development Program	**Gross**	--	**$200,000**	**--**
Senate appropriates $200,000 from the Forest Development Fund for a forest development program defined in boilerplate section 231.	Restricted	--	200,000	**--**
CIVIL RIGHTS				
2. Asian Pacific American Affairs Commission	**Gross**	**--**	**$206,700**	**--**
Senate includes funding for operational costs of the Asian Pacific American Affairs Commission (APAAC). The APAAC was established in 2008 PA 536 and was transferred to Civil Rights from DLARA pursuant to Executive Order 2011-4. There is no funding appropriated for APAAC in the state budget. The amount of funding included in HB 5014 is the same amount of funding appropriated for the Hispanic/Latino Commission of Michigan, which was also transferred to Civil Rights from DLARA in EO 2011-4. The APAAC promotes Michigan as an investment destination for businesses from Asia, works to expand enterprise opportunities for Asian businesses, promotes cultural awareness, studies ways to plan for growth of the Asian population, promotes and increases access to state programs, and addresses ways to meet needs of communities with limited English proficiency.	GF/GP	**--**	$206,700	**--**
COMMUNITY HEALTH				
3. Use Tax On Medicaid Managed Care	**Gross**	**$201,057,300**	**$201,057,300**	**$201,057,300**
Corrects the FY 2011-12 budget authorization included in PA 63 of 2011 for the Department of Community Health relating to subsequent passage of the health insurance claims assessment (HICA) bills, PA 141 and PA 142 of 2011, which will replace the existing Use Tax. Rather than four quarters of HICA revenue authorization as originally appropriated, this adjustment acknowledges an extension of two quarters of Use Tax revenue authorization and the removal of one quarter of HICA revenue authorization. The Use Tax generates additional General Fund revenue which is not currently appropriated within the Department of Community Health budget. (SBO request 2012-2)	Federal	132,979,300	132,979,300	132,979,300
	Restricted	(99,214,200)	(99,214,200)	(99,214,200)
	GF/GP	$167,292,200	$167,292,200	$167,292,200
4. Community Substance Abuse Prevention, Education, and Treatment Program	**Gross**	**--**	**$0**	**--**
Senate unappropriates and reappropriates $81.7 million Gross ($12.8 million GF/GP) for the Community Substance Abuse Prevention, Education, and Treatment Program line item for the purposes of adjusting boilerplate provisions related to this line item.	Federal	**--**	0	**--**
	Restricted	**--**	0	**--**
	GF/GP	**--**	$0	**--**
5. Brain Injury Treatment Project	**Gross**	**--**	**$200,000**	**--**
Senate restores $200,000 Gross ($100,000 GF/GP) funding for traumatic brain injury treatment (TBI) pilot projects to encourage trauma hospital use of TBI treatment models. Funding was appropriated but unexpended in FY 2010-11, and eliminated from FY 2011-12 budget. Section 256 is related boilerplate.	Federal	**--**	100,000	**--**
	GF/GP	**--**	$100,000	**--**
6. Donated Dental Program	**Gross**	**--**	**$25,000**	**--**
Senate increases the public health Donated Dental Services Program allocation by $25,000 GF/GP, from $125,000 to $150,000; funding supports coordination of donated dental services for uninsured persons who have difficulty accessing dental care due to physical or mental impairment.	GF/GP	**--**	$25,000	**--**

FY 2011-12 Appropriation Items:		Executive	Senate	House (H-4)
7. Electronic Health Record Incentive Program Creates a new appropriation line within the Medical Services Administration unit entitled Electronic Health Record Incentive Program. The appropriated amount of $119.4 million Gross ($1.4 million GF/GP) will fund the first full-year of the State's electronic health record (EHR) incentive program. A supplemental appropriation of $82.1 million Gross ($1.5 million GF/GP) was made for this purpose in the FY 2010-11 budget. The Department of Community Health will provide incentive payments to eligible professionals, eligible hospitals and critical access hospitals as they adopt, implement, upgrade or demonstrate meaningful use of certified EHR technology. An EHR is an electronic record of patient health information generated by one or more encounters in any care delivery setting. The EHR incentive program is expected to be active for the next 10 years. (SBO request 2012-1)	**Gross** Federal GF/GP	**$119,388,800** 117,989,900 $1,398,900	**$119,388,800** 117,989,900 $1,398,900	**$119,388,800** 117,989,900 $1,398,900
8. Hospital Uncompensated Care Payment Senate increases the Hospital Services and Therapy line item by $10.0 million Gross ($3.4 million GF/GP) to fund payment increases to hospitals meeting criteria outlined in boilerplate section 251; criteria generally related to uncompensated care levels.	**Gross** Federal GF/GP	**--** -- --	**$10,000,000** 6,614,000 $3,386,000	**--** -- --
9. Graduate Medical Education Rate Increase Senate increases the Hospital Services and Therapy line item by $8.9 million Gross ($3.0 million GF/GP) to fund Graduate Medical Education (GME) payment increases to hospitals. Companion boilerplate section 252.	**Gross** Federal GF/GP	**--** -- --	**$8,860,000** 5,860,000 $3,000,000	**--** -- --
10. Chiropractic Services Reinstatement Senate increases the Auxiliary Medical Services line item by $450,000 Gross ($152,400 GF/GP) to fund the reinstatement of Medicaid chiropractic services beginning January 1, 2012. Companion boilerplate section 255.	**Gross** Federal GF/GP	**--** -- --	**$450,000** 297,600 $152,400	**--** -- --
11. Wayne State Psychiatric DSH Payment Senate increases the Hospital Disproportionate Share Payments line item by $8.5 million Gross ($2.9 million state restricted) to reverse the FY 2011-12 Wayne State Psychiatric hospital disproportionate share hospital (DSH) payment reduction.	**Gross** Federal Restricted	**--** -- --	**$8,520,900** 5,635,700 2,885,200	**--** -- --
CORRECTIONS				
12. Camp Brighton Cleanup Senate appropriates $400,000 to facilitate the cleanup of the property at Camp Brighton which was used as a corrections camp until its closure in March 2007.	**Gross** GF/GP	**--** --	**$400,000** $400,000	**--** --
EDUCATION				
13. Michigan Office of Great Start Implements EO 2011-8, creating the Office of Great Start (OGS), consolidating the MDE early childhood education office and the DHS child development and care (CDC) program office, and the Head Start Collaboration Office. The CDC program provides state support for low-income and other qualifying families in need of child care for dependent children. Transferred staff includes CDC program policy and operations staff, case record review staff, and provider billing reconciliation staff. Many CDC-related functions will remain within the DHS, funded by an IDG, including eligibility determinations and participating in administrative hearings concerning eligibility determinations. The remaining functions will be transferred to the OGS at a later date. CDC-related funding for the Early Childhood Investment Corporation (ECIC) - for child care quality initiatives - will also be transferred. Adds $89,000 in private funds to partially support the salary of OGS director, and $75,000 GF/GP (added by the Senate; excluded in House (H-4) substitute) for a study on funding for early childhood education. (SBO request 2012-3)	FTE **Gross** Federal Private GF/GP	36.0 **$206,285,800** 164,151,700 89,000 $42,045,100	36.0 **$206,360,800** 164,151,700 89,000 $42,120,100	36.0 **$206,285,800** 164,151,700 89,000 $42,045,100

FY 2011-12 Appropriation Items:

EXECUTIVE OFFICE

14. Governor's Council on Educator Effectiveness

Includes funding for staffing and operational costs of the Governor's Council on Educator Effectiveness, which was created in 2011 PA 102. The Council is charged with reporting to the Governor, Legislature, and State Board of Education regarding a student growth and assessment tool and a state evaluation tool for teachers and school administrators. (SBO request 2012-5)

	Executive	Senate	House (H-4)
Gross	**$200,000**	**$200,000**	**$200,000**
GF/GP	$200,000	$200,000	$200,000

HUMAN SERVICES

15. Transfer to Michigan Office of Great Start

Implements Executive Order 2011-8, which creates the Office of Great Start (OGS) within the Department of Education (MDE). Transfers out the Office of Early Education and Care, Head Start Collaboration Office, contract with the Early Childhood Investment Corporation (ECIC), and the federal Child Care and Development Fund (CCDF) - the primary fund source for the state's child development and care (CDC) program. A number of CDC-related functions will remain within the DHS and will be funded through an IDG from the MDE. These responsibilities primarily consist of CDC program eligibility determinations, licensing, and inspector general activities. (SBO request 2012-3)

	Executive	Senate	House (H-4)
FTEs	(36.0)	(36.0)	(36.0)
Gross	**($175,583,000)**	**($175,583,000)**	**($175,583,000)**
IDG	30,613,800	30,613,800	30,613,800
Federal	(164,151,700)	(164,151,700)	(164,151,700)
GF/GP	($42,045,100)	($42,045,100)	($42,045,100)

16. Foster Care Payments

Shifts $615,000 from foster care payments line item into a new tribal foster care payments line item. New line item can be used to provide reimbursement to Indian tribal governments for foster care expenditures as required by boilerplate included in this supplemental. Boilerplate section was inadvertently removed from the FY 2011-12 Executive budget recommendation and the Legislature concurred with the Executive. Original SBO requested the shift to the Child Care Fund, but SBO has since requested the funding shift to the foster care payments line. (SBO request 2012-1)

	Executive	Senate	House (H-4)
Gross	**$0**	**$0**	**$0**
Federal	0	0	0
GF/GP	$0	$0	$0

17. Juvenile Justice Mental Health Report

<u>Senate</u> appropriates $25,000 to contract with the Michigan Public Health Institute to conduct a behavioral health study on youth in juvenile justice facilities.

	Executive	Senate	House (H-4)
Gross	**--**	**$25,000**	**--**
Private	--	$25,000	--

LEGISLATURE

18. Legislative Council Retirement

<u>Senate</u> and <u>House</u> include funding to cover costs of increased contribution rates for retirement for the Legislative Council.

	Executive	Senate	House (H-4)
Gross	**--**	**$470,000**	**$470,000**
GF/GP	--	$470,000	$470,000

19. National Association Dues

<u>Senate</u> includes funding for an annual dues payment to be made for the National Conference of Commissioners on Uniform State Laws (NCCUSL).

	Executive	Senate	House (H-4)
Gross	**--**	**$53,000**	**--**
GF/GP	--	$53,000	--

LICENSING AND REGULATORY AFFAIRS

20. MIHealth Marketplace

Authorizes the Department to expend a Level 1 federal grant to support continued planning and development of the MIHealth Marketplace. The MIHealth Marketplace would be a state-based health insurance exchange which would operate as a non-profit corporation and satisfy federal mandates under the Patient Protection and Affordable Care Act (ACA). ACA requires that the health insurance exchange be certified by January 1, 2013, operational by January 1, 2014, and financially self-sustaining by January 1, 2015. Following its initial development and operation supported by grants from the federal government, the MIHealth Marketplace would be supported by assessments or user fees to health insurance carriers. If the state does not implement a health insurance exchange by January 1, 2014, the federal government will operate an exchange within the state. (SBO request 2012-4) <u>House</u> excludes this item.

	Executive	Senate	House (H-4)
FTE	2.5	2.5	--
Gross	**$9,850,000**	**$9,850,000**	**--**
Federal	$9,850,000	$9,850,000	--

FY 2011-12 Appropriation Items:		Executive	Senate	House (H-4)
21. Tax Tribunal Backlog	**Gross**	**$1,500,000**	**$1,500,000**	**--**
LARA is requesting authorization to expend $1.5 million of Tax Tribunal restricted funds toward further reducing the existing backlog of small claims cases pending before the Tax Tribunal. These funds will be expended to contract with approximately 16 adjudicators (paid after the completion of each case) and hire 6 limited term clerical staff, 2 limited term schedules, 2 administrative law specialists, and 2 student assistants. With this additional staff, LARA estimates that the Tribunal will eliminate the current backlog by September 30, 2012. The Tribunal is supported by claimants filing fees deposited into a state restricted fund and this supplemental would be supported with revenue collected from those filling fees. Previous appropriation adjustments have enabled the Tribunal to contract with 22 adjudicators, 6 seasonal staff, and 3 student assistants. The Tribunal is currently scheduling 1,200 cases per month and since March has reduced that small claims backlog by 39%. (SBO request 2012-5) House excludes this item.	Restricted	$1,500,000	$1,500,000	**--**
22. Centers for Independent Living	**Gross**	**--**	**$1,500,000**	**--**
Senate includes funding for Michigan's Centers for Independent Living (CILs). Due to changes in Federal grant administration, in FY 2009-10 the legislature approved a transfer between the Michigan Rehabilitation Service (MRS) and local CUKs that maximized federal matching dollars. $2.3 million in GF/GP was transferred from CILs to MRS and used as a 4 to 1 federal match. In exchange, $3.9 million in federal Social Security Administration (SSA) reimbursement was transferred from MRS to CILs. In FY 2011-12 it is expected that SSA reimbursements will be reduced by approximately $1.5 million. This GF/GP supplemental would replace that reduction.	GF/GP	**--**	$1,500,000	**--**
TRANSPORTATION				
23. Welcome Center Operations	FTE	--	2.0	--
Senate authorizes 2.0 FTE positions, and provides GF/GP support for welcome center operations – in addition to the $3.9 million in restricted funds, and 55.0 FTE positions previously appropriated for welcome centers in the transportation budget.	**Gross**	--	**$200,000**	--
	GF/GP	--	$200,000	--
TREASURY				
24. Pre-College Engineering (Michigan Strategic Fund)	**Gross**	**--**	**$680,100**	**--**
Senate includes $680,100 GF/GP to support pre-college engineering programs in Detroit and Grand Rapids. This item was included in the FY 2011-12 enrolled budget bill (Section 1053), but vetoed by the Governor.	GF/GP	**--**	$680,100	**--**
25. Payments in Lieu of Taxes (PILT)	**Gross**	**--**	**$2,398,800**	**--**
Senate includes $2.4 million to restore the 15.0% reduction to PILT payments in the FY 2011-12 enrolled budget. Funding would restore PILT payments to FY 2010-11 levels.	Restricted	**--**	1,173,200	**--**
	GF/GP	**--**	$1,225,600	**--**
26. Economic Vitality Incentive Program (EVIP)	**Gross**	**--**	**$0**	**$0**
Senate and House unappropriate and reappropriate $215.0 million for EVIP for the purposes of adjusting boilerplate provisions related to the program.	Restricted	**--**	0	0

FY 2011-12 Boilerplate Items:	Executive	Senate	House (H-4)
AGRICULTURE & RURAL DEVELOPMENT			
1. Forest Development	--	Sec. 231	--
Indicates that the appropriation for forest development is for support of the development of forestry on private lands by local conservation districts.			
COMMUNITY HEALTH			
2. Hospital Uncompensated Care Payment	--	Sec. 251	--
Details the criteria used to provide $10.0 million in payments to hospitals with certain levels of "indigent volume", or uncompensated care.			

FY 2011-12 Boilerplate Items:	Executive	Senate	House (H-4)
3. Graduate Medical Education Rate Increase Provides for an across-the-board rate increase of Graduate Medical Education (GME) payments in the amount of $8.9 million.	--	Sec. 252	--
4. Michigan Patient Care Transformation Program Requires the Department of Community Health to not include Medicaid health plans in the implementation of the Michigan Patient Care Transformation Program, this exclusion conditional upon approval by the Centers for Medicare and Medicaid Services.	--	Sec. 253	--
5. Across-the-Board Percentage Reduction for Substance Abuse Services Requires the FY 2011-12 funding reduction for the Community Substance Abuse Prevention, Education, and Treatment Program line item to be implemented through an across-the-board percentage reduction for each entity receiving funding from the DCH.	--	Sec. 254	--
6. Medicaid Chiropractic Services Reinstatement Requires the Department of Community Health to restore coverage for Medicaid chiropractic services effective January 1, 2012, and that payment rates for services will not be less than those in effect on October 1, 2002.	--	Sec. 255	--
7. Pilot Programs for Traumatic Brain Injury Treatment Guideline Model Allocates $200,000 to continue two pilot programs for trauma hospitals to encourage utilization of an interactive evidence-based treatment guideline model for traumatic brain injury; establishes in counties with populations less than 225,000 and over 1,000,000. Identical to FY 2010-11 enacted boilerplate.	--	Sec. 256	--
EDUCATION			
8. Early Childhood Funding Allocates $75,000 for a report by the MDE on the source and funding of early childhood activities, the agency responsible for distributing funding, the recipients of funding, the number of children served, a "fiscal map" of federal, state, and private expenditures on programs and services for children through age 8 and their families, and an analysis of the effectiveness of early childhood programs in ensuring funding is used for services and the efficiency of funding spent on administration. The report, along with any recommendations, is to be submitted to the Legislature by May 15, 2012.	--	Sec. 271	--
HUMAN SERVICES			
9. Indian Tribal Government Foster Care Reimbursement Requires reimbursement to Indian Tribal governments for 50% of foster care expenditures not otherwise eligible for federal funding. (SBO request 2012-1)	Included	Sec. 301	Sec. 301
10. Juvenile Justice Mental Health Report Allows DHS to contract with a state university or research entity to study and report on youth with emotional disorders, substance abuse, and dual diagnoses.	--	Sec. 303	--
11. Repealer - Number of Child Care Providers Report Repeals section 292 from Article X of Public Act 63 of 2011 (House Bill 4526). Section requires DHS to report the number of child care providers by type receiving payment for child care services from DHS on October 1, 2011. (SBO request 2012-3)	Included	Enacting Sec. 1	--
12. Repealer - Ten-Day Burial Billing Requirement Repeals section 614 from Article X of Public Act 63 of 2011 (House Bill 4526). Section allows providers of indigent burial services to bill DHS for reimbursement for up to ten business days after the service. If not repealed, section would require DHS to continue both the old indigent burial program and the new indigent burial program. Legislative intent was to eliminate old indigent burial program. (SBO request 2012-1)	Included	Enacting Sec. 1	Enacting Sec. 1
13. Repealer - Child Development and Care Program Report Repeals section 670 from Article X of Public Act 63 of 2011 (House Bill 4526). Section requires DHS to report on the amount of child care payments paid by parents in addition to the child care subsidy and the number of enrolled child care providers by reported annual household income. (SBO request 2012-3)	Included	Enacting Sec. 1	--
14. Repealer - Notification of CDC Eligibility Reduction or Elimination Repeals section 673 from Article X of Public Act 63 of 2011 (House Bill 4526). Section directs DHS to immediately notify the client and child care provider when client's eligibility is reduced or eliminated; requires continued payment to providers until provider receives notice; requires annual report on additional payments. (SBO request 2012-3)	Included	Enacting Sec. 1	--

FY 2011-12 Boilerplate Items:	Executive	Senate	House (H-4)
15. Repealer - Child Development and Care Program Savings Repeals section 680 from Article X of Public Act 63 of 2011 (House Bill 4526). Section states legislative intent on budgetary savings through the CDC program including reducing maximum number of reimbursable hours and improving error rates. (SBO request 2012-3)	Included	Enacting Sec. 1	--
LEGISLATURE			
16. Repealer - National Association Dues Repeals section 603 from Article VIII of Public Act 63 of 2011 (House Bill 4526). Section specifies that the appropriation for National Association Dues is to be distributed by the Legislative Council and, if funding is available, $51,000 shall be paid to the National Conference of Commissioners on Uniform State Laws. Original House-passed bill had included; House (H-4) substitute excludes.	--	--	--
LICENSING & REGULATORY AFFAIRS			
17. MIHealth Marketplace States that the acceptance of the Level 1 federal grant to support the planning and development of the MIHealth Marketplace does not commit the State to further implementation of the federal Affordable Care Act.	--	Sec. 351	--
TRANSPORTATION			
18. Welcome Center Operations Directs that the appropriation for welcome center operations be used first to maintain a minimum of 8 hours of operation, seven days per week, at the Mackinaw City, St. Ignace, and Sault Ste. Marie welcome centers; permits any remaining funds to be distributed equally among the remaining welcome centers across the state.	--	Sec. 371	--
TREASURY			
19. Pre-College Engineering Program (Michigan Strategic Fund) Indicates that no more than $680,100 of the funds appropriated in part 1 for pre-college engineering programs shall be allocated to pre-college engineering programs in Detroit and Grand Rapids. NOTE: The Governor vetoed the pre-college engineering program in the FY 2011-12 enrolled budget (Section 1053).	--	Sec. 401	--
20. Economic Vitality Incentive Program (EVIP) Replaces and amends the EVIP language to change the certification structure under category 1. Under the revised language, to receive a full payment for category 1, a city, village, or township (CVT) would have to comply with the requirements category 1 and certify with the Department of Treasury by December 1, 2011 to qualify for a full payment in category one. Under current law, a CVT must complete the requirements of category 1 and certify with the Department of Treasury by October 1, 2011 to receive full payment. Revised language also clarifies current law to allow for partial payments in categories 2 and 3 for those CVTs that certify after the first day of the first payment month in the category but prior to the first day of the second payment month in the category.. (Description reflects House (H-4) substitute language.)	--	Sec. 402	Sec. 402
21. Repealer - Economic Vitality Incentive Program (EVIP) Repeals Section 951 from Article VIII of Public Act 53 of 2011 (House Bill 4526). Section created and defined the structure of the EVIP.	--	Enacting Sec. 1	Enacting Sec. 1
TIE-BAR			
22. Tie-Bar to School Aid Supplemental Tie-bars bill to House Bill 4445, an FY 2011-12 School Aid supplemental appropriations bill.	--	Enacting Sec. 2	--