

HOUSE SUBSTITUTE FOR SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5014

A bill to make, supplement, and adjust appropriations for various state departments and agencies and for the legislative branch for the fiscal year ending September 30, 2012; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2012, from the following funds:

APPROPRIATION SUMMARY

Full-time equated classified positions.....	0.0	
GROSS APPROPRIATION.....	\$	351,818,900

1	Interdepartmental grant revenues:		
2	Total interdepartmental grants and intradepartmental		
3	transfers	30,613,800	
4	ADJUSTED GROSS APPROPRIATION	\$ 321,205,100	
5	Federal revenues:		
6	Total federal revenues	250,969,200	
7	Special revenue funds:		
8	Total local revenues	0	
9	Total private revenues	89,000	
10	Total other state restricted revenues	(99,214,200)	
11	State general fund/general purpose	\$ 169,361,100	
12	Sec. 102. DEPARTMENT OF COMMUNITY HEALTH		
13	(1) APPROPRIATION SUMMARY		
14	GROSS APPROPRIATION	\$ 320,446,100	
15	Interdepartmental grant revenues:		
16	Total interdepartmental grants and intradepartmental		
17	transfers	0	
18	ADJUSTED GROSS APPROPRIATION	\$ 320,446,100	
19	Federal revenues:		
20	Total federal revenues	250,969,200	
21	Special revenue funds:		
22	Total local revenues	0	
23	Total private revenues	0	
24	Total other state restricted revenues	(99,214,200)	
25	State general fund/general purpose	\$ 168,691,100	
26	(2) COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE		

1	SERVICES PROGRAMS		
2	Medicaid mental health services	\$	68,369,300
3	Medicaid adult benefits waiver		1,019,400
4	Medicaid substance abuse services		<u>1,485,400</u>
5	GROSS APPROPRIATION	\$	70,874,100
6	Appropriated from:		
7	Federal revenues:		
8	Total federal revenues		46,876,100
9	State general fund/general purpose	\$	23,998,000
10	(3) MEDICAL SERVICES ADMINISTRATION		
11	Electronic health record incentive program	\$	<u>119,388,800</u>
12	GROSS APPROPRIATION	\$	119,388,800
13	Appropriated from:		
14	Federal revenues:		
15	Total federal revenues		117,989,900
16	State general fund/general purpose	\$	1,398,900
17	(4) MEDICAL SERVICES		
18	Health plan services	\$	130,183,200
19	Subtotal basic medical services program		<u>130,183,200</u>
20	GROSS APPROPRIATION	\$	130,183,200
21	Appropriated from:		
22	Federal revenues:		
23	Total federal revenues		86,103,200
24	Special revenue funds:		
25	Total other state restricted revenues		(99,214,200)
26	State general fund/general purpose	\$	143,294,200

1 **Sec. 103. DEPARTMENT OF EDUCATION**

2 **(1) APPROPRIATION SUMMARY**

3 Full-time equated classified positions..... 36.0

4 GROSS APPROPRIATION..... \$ 206,285,800

5 Interdepartmental grant revenues:

6 Total interdepartmental grants and intradepartmental

7 transfers 0

8 ADJUSTED GROSS APPROPRIATION..... \$ 206,285,800

9 Federal revenues:

10 Total federal revenues..... 164,151,700

11 Special revenue funds:

12 Total local revenues..... 0

13 Total private revenues..... 89,000

14 Total other state restricted revenues..... 0

15 State general fund/general purpose..... \$ 42,045,100

16 **(2) STATE BOARD OF EDUCATION/OFFICE OF THE**

17 **SUPERINTENDENT**

18 Unclassified positions..... \$ 89,000

19 GROSS APPROPRIATION..... \$ 89,000

20 Appropriated from:

21 Special revenue funds:

22 Private revenues..... 89,000

23 State general fund/general purpose..... \$ 0

24 **(3) EARLY CHILDHOOD EDUCATION AND FAMILY SERVICES**

25 Full-time equated classified positions..... (26.0)

26 Early childhood education and family services--(26.0)

27 FTE positions \$ (4,295,700)

1	GROSS APPROPRIATION.....	\$	(4,295,700)
2	Appropriated from:		
3	Federal revenues:		
4	Federal revenues.....		(3,388,300)
5	Special revenue funds:		
6	Certification fees.....		(59,100)
7	State general fund/general purpose.....	\$	(848,300)
8	(4) MICHIGAN OFFICE OF GREAT START		
9	Full-time equated classified positions..... 62.0		
10	Office of great start operations--61.0 FTE positions .	\$	20,441,700
11	Child development and care external support		30,613,800
12	Head start collaboration office--1.0 FTE positions ...		281,300
13	Child development and care public assistance		<u>159,155,700</u>
14	GROSS APPROPRIATION.....	\$	210,492,500
15	Appropriated from:		
16	Federal revenues:		
17	Federal revenues.....		167,540,000
18	Special revenue funds:		
19	Certification fees.....		59,100
20	State general fund/general purpose	\$	42,893,400
21	Sec. 104. EXECUTIVE OFFICE		
22	(1) APPROPRIATION SUMMARY		
23	GROSS APPROPRIATION.....	\$	200,000
24	Interdepartmental grant revenues:		
25	Total interdepartmental grants and intradepartmental		
26	transfers		0

1	ADJUSTED GROSS APPROPRIATION	\$	200,000
2	Federal revenues:		
3	Total federal revenues		0
4	Special revenue funds:		
5	Total local revenues		0
6	Total private revenues		0
7	Total other state restricted revenues		0
8	State general fund/general purpose	\$	200,000
9	(2) GOVERNOR'S COUNCIL ON EDUCATOR EFFECTIVENESS		
10	Governor's council on educator effectiveness		
11	operations	\$	<u>200,000</u>
12	GROSS APPROPRIATION	\$	200,000
13	Appropriated from:		
14	State general fund/general purpose	\$	200,000
15	Sec. 105. DEPARTMENT OF HUMAN SERVICES		
16	(1) APPROPRIATION SUMMARY		
17	Full-time equated classified positions..... (36.0)		
18	GROSS APPROPRIATION	\$	(175,583,000)
19	Interdepartmental grant revenues:		
20	Total interdepartmental grants and intradepartmental		
21	transfers		30,613,800
22	ADJUSTED GROSS APPROPRIATION	\$	(206,196,800)
23	Federal revenues:		
24	Total federal revenues		(164,151,700)
25	Special revenue funds:		
26	Total local revenues		0

1	Total private revenues.....	0
2	Total other state restricted revenues.....	0
3	State general fund/general purpose.....	\$ (42,045,100)
4	(2) EXECUTIVE OPERATIONS	
5	Full-time equated classified positions..... (10.0)	
6	Salaries and wages--(9.0) FTE positions.....	\$ (498,500)
7	Contractual services, supplies, and materials.....	(5,400)
8	AFC, children's welfare and day care licensure.....	0
9	Demonstration projects--(1.0) FTE position.....	(281,300)
10	State office of administrative hearings and rules....	<u>0</u>
11	GROSS APPROPRIATION.....	\$ (785,200)
12	Appropriated from:	
13	Interdepartmental grant revenues:	
14	IDG from department of education.....	14,694,200
15	Federal revenues:	
16	Total other federal revenues.....	(15,423,100)
17	State general fund/general purpose.....	\$ (56,300)
18	(3) ADULT AND FAMILY SERVICES	
19	Office of program policy.....	\$ <u>0</u>
20	GROSS APPROPRIATION.....	\$ 0
21	Appropriated from:	
22	Interdepartmental grant revenues:	
23	IDG from department of education.....	25,000
24	Federal revenues:	
25	Total other federal revenues.....	(25,000)
26	State general fund/general purpose.....	\$ 0
27	(4) CHILDREN'S SERVICES	

1	ECIC, early childhood investment corporation.....	\$	<u>(12,723,000)</u>
2	GROSS APPROPRIATION.....	\$	(12,723,000)
3	Appropriated from:		
4	Federal revenues:		
5	Total other federal revenues.....		(12,723,000)
6	State general fund/general purpose.....	\$	0
7	(5) CHILD WELFARE SERVICES		
8	Contractual services, supplies, and materials.....	\$	0
9	Administrative support workers.....		0
10	Second line supervisors and technical staff.....		0
11	Foster care payments.....		(615,000)
12	Tribal foster care payments.....		<u>615,000</u>
13	GROSS APPROPRIATION.....	\$	0
14	Appropriated from:		
15	Interdepartmental grant revenues:		
16	IDG from department of education.....		235,000
17	Federal revenues:		
18	Total other federal revenues.....		(235,000)
19	State general fund/general purpose.....	\$	0
20	(6) LOCAL OFFICE STAFF AND OPERATIONS		
21	Field staff salaries and wages.....	\$	0
22	Donated funds positions.....		0
23	Contractual services, supplies, and materials.....		<u>0</u>
24	GROSS APPROPRIATION.....	\$	0
25	Appropriated from:		
26	Interdepartmental grant revenues:		
27	IDG from department of education.....		7,716,000

1	Federal revenues:	
2	Total other federal revenues	(7,716,000)
3	State general fund/general purpose	\$ 0
4	(7) CENTRAL SUPPORT ACCOUNTS	
5	Travel	\$ (1,800)
6	Occupancy charge	0
7	Rent	0
8	Payroll taxes and fringe benefits	(268,900)
9	GROSS APPROPRIATION	\$ (270,700)
10	Appropriated from:	
11	Interdepartmental grant revenues:	
12	IDG from department of education	6,000,000
13	Federal revenues:	
14	Total other federal revenues	(6,270,700)
15	State general fund/general purpose	\$ 0
16	(8) PUBLIC ASSISTANCE	
17	Full-time equated classified positions	(26.0)
18	Family independence program	\$ 0
19	Licensed and registered child development and care ...	(99,312,900)
20	Enrolled child development and care	(59,842,800)
21	Day care technology and oversight--(26.0) FTE	
22	positions	(2,618,400)
23	GROSS APPROPRIATION	\$ (161,774,100)
24	Appropriated from:	
25	Federal revenues:	
26	Total other federal revenues	(119,785,300)
27	State general fund/general purpose	\$ (41,988,800)

1 **(9) INFORMATION TECHNOLOGY**

2	Information technology services and projects	\$	<u>(30,000)</u>
3	GROSS APPROPRIATION.....	\$	(30,000)
4	Appropriated from:		
5	Interdepartmental grant revenues:		
6	IDG from department of education.....		1,943,600
7	Federal revenues:		
8	Total other federal revenues		(1,973,600)
9	State general fund/general purpose	\$	0

10 **Sec. 106. LEGISLATURE**

11 **(1) APPROPRIATION SUMMARY**

12	GROSS APPROPRIATION.....	\$	470,000
13	Interdepartmental grant revenues:		
14	Total interdepartmental grants and intradepartmental		
15	transfers		0
16	ADJUSTED GROSS APPROPRIATION.....	\$	470,000
17	Federal revenues:		
18	Total federal revenues		0
19	Special revenue funds:		
20	Total local revenues		0
21	Total private revenues		0
22	Total other state restricted revenues		0
23	State general fund/general purpose	\$	470,000

24 **(2) LEGISLATIVE COUNCIL**

25	Legislative council.....	\$	<u>470,000</u>
26	GROSS APPROPRIATION.....	\$	470,000

1	Appropriated from:		
2	State general fund/general purpose	\$	470,000
3	Sec. 107. DEPARTMENT OF TREASURY		
4	(1) APPROPRIATION SUMMARY		
5	GROSS APPROPRIATION	\$	0
6	Interdepartmental grant revenues:		
7	Total interdepartmental grants and intradepartmental		
8	transfers		0
9	ADJUSTED GROSS APPROPRIATION	\$	0
10	Federal revenues:		
11	Total federal revenues		0
12	Special revenue funds:		
13	Total local revenues		0
14	Total private revenues		0
15	Total other state restricted revenues		0
16	State general fund/general purpose	\$	0
17	(2) REVENUE SHARING		
18	Economic vitality incentive program	\$	(200,000,000)
19	Economic vitality incentive program		200,000,000
20	Economic vitality incentive program, 1-time basis		
21	only		(15,000,000)
22	Economic vitality incentive program, 1-time basis		
23	only		<u>15,000,000</u>
24	GROSS APPROPRIATION	\$	0
25	Appropriated from:		
26	Special revenue funds:		

1	Sales tax revenue.....	0
2	State general fund/general purpose..... \$	0

3 PART 2

4 PROVISIONS CONCERNING APPROPRIATIONS

5 GENERAL SECTIONS

6 Sec. 201. In accordance with the provisions of section 30 of
 7 article IX of the state constitution of 1963, total state spending
 8 from state resources in this appropriation act for the fiscal year
 9 ending September 30, 2012 is \$70,146,900.00 and state
 10 appropriations paid to local units of government are
 11 \$23,998,000.00. The itemized statement below identifies
 12 appropriations from which spending to local units of government
 13 will occur:

14 DEPARTMENT OF COMMUNITY HEALTH

15	Medicaid mental health services.....	\$	23,149,800
16	Medicaid adult benefits waiver.....		345,200
17	Medicaid substance abuse services.....	\$	<u>503,000</u>
18	TOTAL.....	\$	23,998,000

19 Sec. 202. The appropriations made and expenditures authorized
 20 under this act and the departments, commissions, boards, offices,
 21 and programs for which appropriations are made under this act are
 22 subject to the management and budget act, 1984 PA 431, MCL 18.1101
 23 to 18.1594.

24 DEPARTMENT OF HUMAN SERVICES

1 Sec. 301. From the funds appropriated in part 1 for foster
2 care, the department shall provide 50% reimbursement to Indian
3 tribal governments for foster care expenditures for children who
4 are under the jurisdiction of Indian tribal courts and who are not
5 otherwise eligible for federal foster care cost sharing.

6 DEPARTMENT OF TREASURY

7 Sec. 402. (1) From the funds appropriated in fiscal year 2011-
8 2012 to the economic vitality incentive program, \$5,000,000.00 is
9 to be used for assistance grants to cities, villages, townships,
10 and counties to offset the costs associated with mergers,
11 interlocal agreements, and cooperative efforts for those cities,
12 villages, townships, and counties that elect to combine government
13 operations. Grant funding shall be available for mergers,
14 interlocal agreements, and cooperative efforts that occur on or
15 after October 1, 2011. The department of treasury shall develop an
16 application process and method of grant distribution.

17 (2) From the funds appropriated in fiscal year 2011-2012 to
18 the economic vitality incentive program, \$210,000,000.00 is to be
19 used for grants to cities, villages, and townships such that,
20 subject to fulfilling the requirements under subsection (3) (a),
21 (b), or (c), each city, village, or township that received a
22 payment under section 950(2) of 2009 PA 128, greater than \$4,500.00
23 will be eligible to receive a maximum of 67.837363% of its total
24 payment received under section 950(2) of 2009 PA 128, rounded to
25 the nearest dollar. For the purposes of this subsection, any city
26 or village that according to the 2010 federal decennial census is

1 determined to have population in more than 1 county will be treated
2 as a single entity when determining the payment received under
3 section 950(2) of 2009 PA 128.

4 (3) Cities, villages, and townships eligible to receive a
5 potential payment from the allocation under subsection (2) may
6 qualify to receive economic vitality incentive program payments
7 under 1 or more of the following 3 categories:

8 (a) Category 1, accountability and transparency, requires each
9 eligible city, village, or township to certify that by December 1,
10 2011, it has produced, and has made readily available to the
11 public, a citizen's guide and a performance dashboard of its local
12 finances, including a recognition of its unfunded liabilities. Each
13 city, village, and township applying for a payment under this
14 category shall submit a copy of the citizen's guide and a copy of
15 the performance dashboard to the department of treasury by December
16 1, 2011.

17 (b) Category 2, consolidation of services, requires each
18 eligible city, village, or township to certify that by January 1,
19 2012, it has a plan with 1 or more proposals to increase its
20 existing level of cooperation, collaboration, and consolidation,
21 either within the jurisdiction or with other jurisdictions. A plan
22 shall include a listing of any previous services consolidated with
23 the cost savings realized from each consolidation and an estimate
24 of the potential savings for any new service consolidations being
25 planned. A plan shall be made readily available to the public. Each
26 city, village, and township applying for a payment under this
27 subdivision shall submit a copy of the cooperation, collaboration,

1 and consolidation plan to the department of treasury.

2 (c) Category 3, employee compensation, requires each eligible
3 city, village, or township to certify that by May 1, 2012, it has
4 developed and publicized an employee compensation plan that the
5 city, village, or township intends to implement with any new,
6 modified, or extended contract or employment agreements for
7 employees not covered under contract or employment agreement. The
8 employee compensation plan that each city, village, or township
9 plans to achieve shall be made available for public viewing in the
10 city, village, or township clerk's office or posted on a publicly
11 accessible Internet site and must be submitted to the department of
12 treasury. At a minimum, the employee compensation plan shall
13 include the following:

14 (i) New hires who are eligible for retirement plans are placed
15 on retirement plans that cap annual employer contributions at 10%
16 of base salary for employees who are eligible for social security
17 benefits. For employees who are not eligible for social security
18 benefits, the annual employer contribution is capped at 16.2% of
19 base salary.

20 (ii) For defined benefit pension plans, a maximum multiplier of
21 1.5% for all employees who are eligible for social security
22 benefits, except, where postemployment health care is not provided,
23 the maximum multiplier shall be 2.25%. For all employees who are
24 not eligible for social security benefits, a maximum multiplier of
25 2.25%, except, where postemployment health care is not provided,
26 the maximum multiplier shall be 3.0%.

27 (iii) For defined benefit pension plans, final average

1 compensation for all employees is calculated using a minimum of 3
2 years of compensation and shall not include more than a total of
3 240 hours of paid leave. Overtime hours shall not be used in
4 computing the final average compensation for an employee.

5 (iv) Health care premium costs for new hires shall include a
6 minimum employee share of 20%; or, an employer's share of the local
7 health care plan costs shall be cost competitive with the new state
8 preferred provider organization health plan, on a per-employee
9 basis.

10 (4) Economic vitality incentive program payments are subject
11 to the following conditions:

12 (a) Except as provided in subsection (d), in order for a city,
13 village, or township to qualify for a category under subsection
14 (3)(a), (b), or (c), the city, village, or township shall meet
15 every criteria for that category including a certification to the
16 department that it has met the required criteria for that category
17 and submission of the required citizen's guide and performance
18 dashboard; cooperation, collaboration, and consolidation plan; or
19 the employee compensation plan as required by subsection (3)(a),
20 (b), or (c), respectively. A department of treasury review of the
21 citizen's guide, dashboard, or plan is not required in order for a
22 city, village, or township to receive a payment under subsection
23 (2). The department shall develop a certification process and
24 method for cities, villages, and townships to follow.

25 (b) For each category that a city, village, or township
26 qualifies for in subsection (3), the city, village, or township
27 shall receive 1/3 of its potential economic vitality incentive

1 program payment amount calculated in subsection (2).

2 (c) Payments under this section shall be issued to cities,
3 villages, and townships for each category in subsection (3) until
4 the specified due date for the category. After the specified due
5 date for the category, payments shall be made to a city, village,
6 or township only if that city, village, or township has complied
7 with subdivision (a).

8 (d) If a city, village, or township does not provide the
9 required certification or fails to submit the required citizen's
10 guide and performance dashboard; cooperation, collaboration, and
11 consolidation plan; or the employee compensation plan by the first
12 day of a payment month, the city, village, or township shall
13 forfeit the payment in that payment month for the uncertified
14 category in subsection (3), except that a city, village, or
15 township that certifies and submits the required documents under
16 subsection (3)(a) by December 1, 2011 shall not forfeit any
17 payments.

18 (e) Any local unit that falsifies certification documents
19 shall forfeit any future economic vitality incentive program
20 payments and shall repay this state all economic vitality incentive
21 program payments it has received.

22 (f) Payments under this section shall be distributed on the
23 last business day of October, December, February, April, June, and
24 August.

25 (g) Payments distributed under this section may be withheld
26 pursuant to sections 17a and 21 of the Glenn Steil state revenue
27 sharing act of 1971, 1971 PA 140, MCL 141.917a and 141.921.

1 (5) The unexpended funds appropriated in this section for the
2 economic vitality incentive program are designated as work project
3 appropriations and any unencumbered or unallotted funds shall not
4 lapse at the end of the fiscal year and shall continue to be
5 available for expenditure for projects under subsection (1) until
6 the projects have been completed. The following is in compliance
7 with section 451a of the management and budget act, 1984 PA 431,
8 MCL 18.1451a:

9 (a) The purpose of the projects is to provide incentive-based
10 grants to recipients under subsection (1).

11 (b) The projects will be accomplished by grants to qualified
12 governmental units.

13 (c) The total estimated cost of all projects is
14 \$215,000,000.00.

15 (d) The tentative completion date is September 30, 2016.

16 **REPEALERS**

17 Enacting section 1. The following acts and parts of acts are
18 repealed:

19 (a) Section 951 of article VIII of 2011 PA 63.

20 (b) Section 614 of article X of 2011 PA 63.