



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 608 (CR-1**)
Sponsor: Senator Roger Kahn, M.D.
Senate Committee: Appropriations
House Committee: Appropriations

Date Completed: 3-12-14

CONTENT

The bill would provide supplemental appropriations for fiscal year (FY) 2013-14. The bill includes negative Gross appropriations of \$102.4 million and General Fund/General Purpose (GF/GP) appropriations of \$329.6 million, primarily to reflect the technical adjustments (\$455.4 million negative Gross, \$73.3 million positive GF/GP) in the Departments of Community Health and Corrections related to the delay in the expansion of Medicaid. In addition, the bill contains \$29.1 million of GF/GP appropriations recommended by the State Budget Office (SBO) for various departments. Also recommended by the Governor and included in the bill is a \$26.4 million GF/GP reduction to recognize savings from the refinancing of State Building Authority bonds. In addition, there are \$253.5 million of legislatively initiated GF/GP appropriations for various departments, but these do include \$215.0 million in the Department of Transportation for priority road projects (\$115.0 million) and special winter road maintenance (\$100.0 million). [Table 1](#) summarizes the appropriations in the bill.

Table 1

FY 2013-14 Supplemental Appropriations				
Department/Program	Gross	Federal	Restrict./Pvt.	GF/GP
Capital Outlay	\$500	\$0	\$0	\$500
Community Health	(399,182,600)	(496,218,200)	1,209,000	95,826,600
Corrections	14,671,800	0	0	14,671,800
Education	5,286,000	5,286,000	0	0
Environmental Quality	50,000	0	0	50,000
Executive	170,000	0	0	170,000
Human Services	30,362,300	20,475,200	2,937,100	6,950,000
Judiciary	1,400,000	650,000	0	750,000
Military & Vets Affairs	10,400,000	0	0	10,400,000
Natural Resources	3,260,000	1,500,000	410,000	1,350,000
State	317,000	0	0	317,000
State Police	6,660,000	3,350,000	0	3,310,000
Tech., Man., Budget	(23,407,400)	0	(699,100)	(23,428,300)
Transportation	227,028,900	9,383,100	2,345,800	215,300,000
Treasury-Operations	13,699,100	0	12,199,100	1,500,000
Treasury-Strategic Fund	6,891,100	0	4,501,000	2,390,100
Total	(\$102,393,300)	(\$455,573,900)	\$22,902,900	\$329,557,700

FISCAL IMPACT

The bill would decrease FY 2013-14 Gross State appropriations by \$102.4 million and increase GF/GP appropriations by \$329.6 million. The bill does not include any funding from the Roads and Risks Reserve Fund (RRRF) for the Department of Transportation, leaving \$115.0 million in the RRRF available for future appropriations. The bill includes new funding for 16 budget areas. [Table 2](#) summarizes the details of those appropriations.

BOILERPLATE LANGUAGE SECTIONS

Sec. 201. General. Records amount of total State spending and payments to local units of government.

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

Sec. 281. Capital Outlay. Authorizes leases as a funding mechanism for State Building Authority-financed projects.

Sec. 282. Capital Outlay. Increases the scope and cost for the State emergency operations center project by \$3,075,000.

Sec. 283. Capital Outlay. Decreases the scope and cost of the Jackson College Bert Walker Hall renovation project by \$4.3 million.

Sec. 301. Community Health. Requires the Department to make a disproportionate share payment of \$3,366,300 GF/GP, and any associated Federal match, for continued support to a hospital that is dedicated to infant mortality prevention and is a National Institutes of Health perinatology research branch designee (Harper/Hutzel Hospital).

Sec. 302. Community Health. Requires the Department to report by April 1, 2014, on the estimated amount of funding necessary for community mental health services programs that continue the identical level of services to non-Medicaid-eligible individuals that was provided before the implementation of Public Act 107 of 2013 (Medicaid reform).

Sec. 303. Community Health. Prohibits the expenditure of any funds from medical services administration for outreach or education for the Healthy Michigan Plan.

Sec. 304. Community Health. Establishes the parameters for a community mental health non-Medicaid services contingent reserve of \$12,000,000.

Sec. 305. Community Health. Directs that if by September 30, 2014, there are insufficient State match funds appropriated to support the health plan services line-item, an amount equal to the shortfall is appropriated from the Roads and Risks Reserves Fund to support the health plan services line-item.

Sec. 401. Human Services. Requires the Department to allocate \$250,000 for a three-year contract to establish a pilot program with a Detroit-based nonprofit agency to serve 25 youths who are aging out of the foster care system, and to provide a report on the progress of the pilot project by September 30, 2014.

Sec. 402. Human Services. Requires the Department to allocate \$750,000 for college scholarships for youths who were in foster care because of abuse and neglect, and to distribute the scholarships through the Fostering Futures Scholarship that is part of the Michigan Education Trust.

Sec. 403. Human Services. Requires the Department to pay 100% of the administrative rate for all new cases referred to providers of foster care services during FY 2013-14.

Sec. 404. Human Services. Requires the Department, on a one-time basis only, to allocate \$200,000 from the adoption support services line item to the adoptive family support network (also known as the parent-to-parent program) to provide guidance and community connections to adoptive parents and children.

Sec. 405. Human Services. Requires the allocation of \$7.0 million from the Federal Low-Income Home Energy Assistance Program for deliverable fuels assistance payments.

Sec. 406. Human Services. Provides parameters for the use of deliverable fuels crisis assistance payments.

Sec. 501. Licensing and Regulatory Affairs. Provides parameters for the Department's administration of grants under the Michigan Medical Marihuana Act.

Sec. 551. Military and Veterans Affairs. Requires quarterly performance reports on the activities of the veterans' service delivery initiative.

Sec. 552. Military and Veterans Affairs. Requires veteran counselors and other service providers to incorporate mental health care referral services into their daily operations.

Sec. 553. Military and Veterans Affairs. Designates the appropriation for the veterans' service delivery initiative as a work project and directs funds be used to provide training for veterans service officers and to provide veterans service activities on campuses of postsecondary institutions.

Sec. 601. Natural Resources. Authorizes an accounting adjustment to close out the FY 2006-07 work project for a Trenton, Michigan, city marina.

Sec. 651. State Police. Establishes the Federal FirstNET appropriation of \$3,350,000 as a work project.

Sec. 652. State Police. Allocates \$1.0 million from support services to municipalities to mitigate tree-related damage and debris due to the ice storm of December 22 and 23, 2013.

Sec. 653. State Police. Establishes the \$2,310,000 appropriation for disaster relief due to the April and May 2013 widespread flooding as a work project.

Sec. 654. State Police. Specifies that the Federal FirstNET appropriation of \$3,350,000 be used to support activities pertaining to a next generation internet-protocol enabled public safety broadband network, and that the funds do not obligate the State to participate in the nationwide network.

Sec. 702. Transportation. Requires the funds appropriated for special winter road maintenance to be distributed to the State Trunkline Fund, county road commissions, and cities and villages, in the same percentages described in Public Act 51 of 1951, and requires distribution to each entity in amounts proportional to the current year amounts distributed from the Michigan Transportation Fund. Also requires that special winter road maintenance funds be used only for road maintenance, excluding administrative, overhead, and other indirect costs.

Sec. 703. Transportation. Requires the funds appropriated for the Beaver Island Transportation Authority be retained by the Authority, and allows the funds to be made available to an entity under contract with the Authority for capital expenses or emergency operating expenses as determined by the executive director of the Authority.

Sec. 704. Department of Transportation. Establishes parameters for the \$115.0 million Priority Road Investment Program and earmarks \$100,000 for the installation of signs, signals, or barriers that alert the public to bridges that are closed or under weight restrictions.

Secs. 801, 802, and 803. Treasury. Transfer existing State Building Authority boilerplate language from the Department of Technology, Management, and Budget to reflect the transfer of the Authority to the Treasury Department.

Sec. 804. Treasury-Strategic Fund. Requires the \$340,000 appropriation for precollege engineering to be allocated to the Detroit Precollege Program in Engineering and Sciences, which received an appropriation under Public Act 156 of 2005.

Sec. 805. Treasury-Operations. Reappropriates up to \$3,885,800 from unspent and unencumbered funds in accounts appropriated for tax plan implementation, for tax processing and Treasury operations information technology services.

Sec. 806. Treasury-Strategic Fund. Conditions appropriations for blight elimination and the home affordable refinance program upon action by the State Budget Director to lapse the work project originally established for the home affordable refinance program.

Sec. 807. Treasury-Strategic Fund. Creates a work project appropriation for the blight elimination and home affordable refinance programs funded under this bill; requires that funds support individuals and communities impacted by the foreclosure crisis; and directs all amounts financed by the Homeowner Protection Fund that have not been spent by September 30, 2016, be expended for blight elimination activities overseen by the Michigan State Housing Development Authority.

Sec. 808. Treasury-Revenue Sharing. Reiterates the current year Economic Vitality Incentive Program language with one change in subsection (5) (a): remove the phrase "with an estimated cost savings of those actions" from the reporting requirement regarding unfunded accrued liabilities. New language specifies that cities, villages, and townships that complied with the incentive requirements under category 1, accountability and transparency, by December 1, would receive the full payment under that category.

Enacting Section 1. State Building Authority. Repeals Sections 840, 841, and 843 of the FY 2013-14 General Government budget (Public Act 59 of 2013, Article VIII) to reflect the transfer of the Authority from the Department of Technology, Management, and Budget to the Department of Treasury.

Enacting Section 2. Foster Care. Repeals Sections 522 and 589 of the FY 2013-14 Department of Human Services budget (Public Act 59 of 2013, Article X) to reflect the changes contained in this bill for youth-in-transition programs and foster care private agency administrative rates, in Sections 401 and 403, respectively.

Enacting Section 3. Michigan Medical Marihuana Act. Repeals Section 728 of the FY 2013-14 Department of Licensing and Regulatory Affairs budget (Public Act 59 of 2013, Article XIII) to reflect the new administrative language contained in this bill in Section 501.

Enacting Section 4. Revenue Sharing. Repeals Section 952 of the FY 2013-14 General Government budget (Public Act 59 of 2013, Article VIII) to reflect the changes contained in this bill in Sec. 808, for the Economic Vitality Incentive Program.

Fiscal Analyst: Ellen Jeffries
Steve Angelotti

Table 2

Senate Bill 608: FY 2013-14 Supplemental Recommendation

Department/Program	Senate-Passed		House-Passed		Conference	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Capital Outlay						
Construction authorizations for SVSU, Kalamazoo Valley, Macomb, Muskegon, Southwestern \$100*	\$500	\$500	\$500	\$500	\$500	\$500
Total Capital Outlay	\$500	\$500	\$500	\$500	\$500	\$500
Community Health						
Medicaid expansion adjustments*	(\$455,377,400)	\$65,260,300	(\$455,377,400)	\$65,260,300	(\$455,377,400)	\$65,260,300
HICA revenue shortfall	0	114,500,000	0	100	0	0
Community mental health funding increase	25,000,000	25,000,000	8,018,000	8,018,000	13,000,000	13,000,000
Community mental health contingent reserve	0	0	16,982,000	16,982,000	12,000,000	12,000,000
Infant mortality research and treatment center	19,989,600	6,732,600	0	0	9,994,800	3,366,300
Outpatient uncompensated DSH pool increase*	19,000,000	0	19,000,000	0	19,000,000	0
Hospice services	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Total Community Health	(\$389,187,800)	\$213,692,900	(\$409,177,400)	\$92,460,400	(\$399,182,600)	\$95,826,600
Corrections						
Medicaid expansion adjustments*	\$8,070,700	\$8,070,700	\$8,070,700	\$8,070,700	\$8,070,700	\$8,070,700
Adjust substance abuse funds re Medicaid expansion* ..	6,601,100	6,601,100	6,601,100	6,601,100	6,601,100	6,601,100
Total Corrections	\$14,671,800	\$14,671,800	\$14,671,800	\$14,671,800	\$14,671,800	\$14,671,800
Education						
Early childhood program enhancements*	\$5,286,000	\$0	\$5,286,000	\$0	\$5,286,000	\$0
Grants for school districts' dissolution costs	5,100,000	5,100,000	School Aid	School Aid	School Aid	School Aid
Public/private partnerships for IT education issues	3,900,000	3,900,000	School Aid	School Aid	School Aid	School Aid
Total Education	\$14,286,000	\$9,000,000	\$5,286,000	\$0	\$5,286,000	\$0
Environmental Quality						
Beach/water quality monitoring program	\$50,000	\$50,000	\$0	\$0	\$50,000	\$50,000
Total Environmental Quality	\$50,000	\$50,000	\$0	\$0	\$50,000	\$50,000
Executive						
Office for New Americans*	\$0	\$0	\$170,000	\$170,000	\$170,000	\$170,000
Total Executive	\$0	\$0	\$170,000	\$170,000	\$170,000	\$170,000
Human Services						
Low-income home energy assistance program*	\$22,912,300	\$0	\$22,912,300	\$0	\$22,912,300	\$0
Deliverable fuels crisis assistance	4,000,000	4,000,000	0	0	4,000,000	4,000,000
Foster care child placing agency administrative rate* ..	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

Senate Bill 608: FY 2013-14 Supplemental Recommendation

Department/Program	<u>Senate-Passed</u>		<u>House-Passed</u>		<u>Conference</u>	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Human Services (continued)						
Fostering futures scholarships (\$600,000 TANF)*	yes	0	yes	0	yes	0
Disability determination services staff increase*	500,000	0	500,000	0	500,000	0
Youth-in-transition pilot program	250,000	250,000	250,000	250,000	250,000	250,000
Arab American Chaldean Council refugee services	250,000	250,000	0	0	0	0
Parent-to-parent program*	200,000	200,000	200,000	200,000	200,000	200,000
Total Human Services	\$30,612,300	\$7,200,000	\$26,362,300	\$2,950,000	\$30,362,300	\$6,950,000
Judiciary						
Implement Michigan Indigent Defense Commission*	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Federal funding for drug treatment courts*	650,000	0	650,000	0	650,000	0
Total Judiciary	\$1,400,000	\$750,000	\$1,400,000	\$750,000	\$1,400,000	\$750,000
Licensing & Regulatory Affairs						
Delphi bankruptcy workers compensation* Gov @ \$8M.	\$0	\$0	\$100	\$100	\$0	\$0
Replace tax credit with compensation supplement fund*	0	0	1,000,000	1,000,000	\$0	0
Positive/negative appropriation for medical marijuana ..	yes	yes	yes	yes	yes	yes
Total Licensing and Regulatory Affairs	\$0	\$0	\$1,000,000	\$1,000,000	\$0	\$0
Military & Veterans Affairs						
Armory maintenance	\$15,800,000	\$15,800,000	\$0	\$0	\$7,200,000	\$7,200,000
Expand vets' service delivery initiative* Gov @ \$2M	2,560,000	2,560,000	2,000,000	2,000,000	2,000,000	2,000,000
Grand Rapids veterans' home cooling system*	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total Military and Veterans Affairs	\$19,560,000	\$19,560,000	\$3,200,000	\$3,200,000	\$10,400,000	\$10,400,000
Natural Resources						
Kawkawlin dredging project	\$2,300,000	\$2,300,000	\$0	\$0	\$1,100,000	\$1,100,000
Cascades Falls restoration/renovation project	2,000,000	2,000,000	0	0	0	0
Munising bayshore marina*	1,500,000	0	1,500,000	0	1,500,000	0
Local infrastructure improvements*	330,000	0	330,000	0	330,000	0
Fort Holmes on Mackinac Island restoration project	250,000	250,000	0	0	250,000	250,000
South Higgins State Park improvements*	80,000	0	80,000	0	80,000	0
Total Natural Resources	\$6,460,000	\$4,550,000	\$1,910,000	\$0	\$3,260,000	\$1,350,000
State						
ExpressSOS media campaign*	\$300,000	\$300,000	\$0	\$0	\$0	\$0
Electronic processing of interlock violations*	200,000	200,000	200,000	200,000	200,000	200,000
Reimbursement for late filing fees per PA 277 of 2012* ..	117,000	117,000	117,000	117,000	117,000	117,000
Total State	\$617,000	\$617,000	\$317,000	\$317,000	\$317,000	\$317,000

Senate Bill 608: FY 2013-14 Supplemental Recommendation

Department/Program	<u>Senate-Passed</u>		<u>House-Passed</u>		<u>Conference</u>	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
State Police						
FirstNET Federal grant*.....	\$3,350,000	\$0	\$3,350,000	\$0	\$3,350,000	\$0
Match funds for Federal disaster relief for 18 counties* .	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000
Municipal aid for Dec. ice storm damage (Conf = GF) ...	2,000,000	0	0	0	1,000,000	1,000,000
Total State Police	\$7,660,000	\$2,310,000	\$5,660,000	\$2,310,000	\$6,660,000	\$3,310,000
Technology, Management, & Budget						
Construction debt service for five higher ed. Projects* ..	\$2,464,700	\$2,464,700	\$2,464,700	\$2,464,700	\$2,464,700	\$2,464,700
UAW professional development fund IDG*	720,000	0	720,000	0	720,000	0
Military retirement system prefunding*	400,000	400,000	400,000	400,000	400,000	400,000
Military retirement system pension cost increase*	0	0	107,000	107,000	107,000	107,000
State Building Authority rent lapse*	(26,400,000)	(26,400,000)	(26,400,000)	(26,400,000)	(26,400,000)	(26,400,000)
Transfer State Building Authority to Treasury*.....	(699,100)	0	(699,100)	0	(699,100)	0
Total Technology, Management, & Budget	(\$24,234,400)	(\$23,535,300)	(\$24,127,400)	(\$23,428,300)	(\$23,407,400)	(\$23,428,300)
Transportation						
Priority road projects (Conference = GF)	\$0	\$0	\$115,000,000	\$0	\$115,000,000	\$115,000,000
Special winter road maintenance (Conference = GF)	100,000,000	0	100,000,000	100,000,000	100,000,000	100,000,000
Federal TIGER grant/match for rail improvements*	11,728,900	0	11,728,900	0	11,728,900	0
Enhance rail crossing safety	3,000,000	3,000,000	0	0	0	0
Regional Transportation Authority admin funds*	2,000,000	2,000,000	0	0	0	0
West Michigan Regional Airport passenger terminal	1,300,000	1,300,000	0	0	0	0
Beaver Island Boat Company one-time grant*	300,000	300,000	0	0	300,000	300,000
Total Transportation.....	\$118,328,900	\$6,600,000	\$226,728,900	\$100,000,000	\$227,028,900	\$215,300,000
Treasury-Operations						
Convention facility tax revenue distribution*	\$11,500,000	\$0	\$11,500,000	\$0	\$11,500,000	\$0
Allow credit/debit cards for individual income taxes	1,500,000	1,500,000	0	0	1,500,000	1,500,000
Transfer of State Building Authority from DTMB*	699,100	0	699,100	0	699,100	0
Total Treasury-Operations.....	\$13,699,100	\$1,500,000	\$12,199,100	\$0	\$13,699,100	\$1,500,000
Treasury-Revenue Sharing						
Positive/negative appropriation for EVIP	yes	\$0	yes	\$0	Sen. Language + EVIP change	\$0
Total Treasury-Revenue Sharing.....	\$0	\$0	\$0	\$0	\$0	\$0

Senate Bill 608: FY 2013-14 Supplemental Recommendation						
Department/Program	<u>Senate-Passed</u>		<u>House-Passed</u>		<u>Conference</u>	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Treasury-Strategic Fund						
Public/private partnership for P20 education hub	\$5,500,000	\$5,500,000	\$0	\$0	\$100	\$100
Blight elimination (Homeowner Protection Fund-HPF) ...	3,700,000	0	3,700,000	0	3,700,000	0
Operating funds for Land Bank Fast Track Authority*....	1,750,000	1,750,000	0	0	1,750,000	1,750,000
Home affordable refinance program (HPF)	801,000	0	801,000	0	801,000	0
Detroit pre-college science and engineering program....	340,000	340,000	0	0	340,000	340,000
Rouge Park improvements	0	0	300,000	300,000	300,000	300,000
Total Treasury-Strategic Fund	\$12,091,000	\$7,590,000	\$4,801,000	\$300,000	\$6,891,100	\$2,390,100
TOTAL SUPPLEMENTAL APPROPRIATIONS	(\$173,985,600)	\$264,556,900	(\$129,598,100)	\$194,701,500	(\$102,393,300)	\$329,557,700

* Indicates item recommended by the Governor.