

FY 2008-09 SUPPLEMENTAL APPROPRIATIONS

Summary: As Reported by the House Appropriations Committee House Bill 4310 (H-1)



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	*Executive		House		Senate	
Budget Area	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture	0	0	\$0	\$0		
Community Health	0	0	23,035,500	1,027,100		
Human Services	0	0	10,959,800	(1,027,100)		
Transportation	400,000	0	400,000	0		
TOTAL	\$400,000	\$0	\$34,395,300	\$0		

*Reflect only supplemental request for Department of Transportation from State Budget Office letter dated 3/12/09.

OVERVIEW

The supplemental bill restores a number of the reductions contained in Executive Order 2009-22 for the Department of Human Services (DHS) and Department of Community Health (DCH), replacing these reductions with alternative reductions within the DHS budget, as well as the use of a projected fund balance for the Merit Award Trust Fund and carry-forward revenue from substance abuse licensing fees and fines.

The bill also includes a supplemental appropriation in the Transportation budget for rail passenger service that has been requested by the State Budget Office.

FY 2008-09 Appropriation Items:

COMMUNITY HEALTH

1. Community Substance Abuse Prevention, Education, and Treatment Programs

Replace GF/GP support for community substance abuse prevention, education, and treatment programs with \$800,000 carryforward substance abuse licensing fees and fines.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	--	\$0	
Restricted	--	800,000	
GF/GP	--	(\$800,000)	

2. Restoration of Diabetes Funding for One Quarter

Restores final quarter funding for the Morris Hood Wayne State University diabetes outreach program that was eliminated by EO 2009-22. Beginning October 2010, the program can be sustained without state funds due to commitment of funding from other sources.

Gross	--	\$160,000	
GF/GP	--	\$160,000	

3. Merit Award Fund Source Shift

Replaces within the Long-Term Care Services line \$5.0 million GF/GP with projected Merit Award Trust Fund balance of like amount.

Gross	--	\$0	
Restricted	--	5,040,000	
GF/GP	--	(\$5,040,000)	

4. Partial Restoration of EO 2009-22 Medicaid Provider Rate Reduction

Increases various appropriation lines restoring \$15.9 million Gross (\$4.7 million GF/GP) of the EO 2009-22 provider rate reduction. The Executive Order reduced most Medicaid provider rates by 4% for the last quarter of the fiscal year. This action would lessen the reduction to approximately 2.6% for the 3 month period.

Gross	--	\$15,941,700	
Federal	--	11,267,600	
GF/GP	--	\$4,647,100	

5. Restoration of EO 2009-22 Medicaid Chiropractic, Podiatric, Optometric, Hearing, and Dental Service Reductions

Restores funding for optional Medicaid chiropractic, podiatric, optometrist and dental services that were reduced in EO 2009-22.

Gross	--	\$6,933,800	
Federal	--	4,900,800	
GF/GP	--	\$2,033,000	

FY 2008-09 Appropriation Items:**Executive****House****Senate****HUMAN SERVICES****6. Day Care Services - CCDF Stimulus Revenue**

Appropriates \$11.6 million in federal stimulus revenue from the Child Care and Development Fund (CCDF) to (a) restore the \$1.65 million day care provider rate reduction implemented in Executive Order 2009-22, and (b) offset federal TANF revenue used for day care subsidy payments. Michigan will receive \$58.7 million of these stimulus funds which supports child care services and child care quality improvement efforts.

Gross	--	\$1,650,000
Fed-CCDF	--	11,575,600
Fed-TANF	--	(\$9,925,600)

7. Family Independence Program

TANF savings generated in other line items are redirected to the Family Independence Program (FIP) in order to achieve GF/GP savings in this line item. The FIP is the state's cash assistance program for low-income families with children.

Gross	--	\$0
Federal	--	10,015,600
GF/GP	--	(\$10,015,600)

8. SSI State Supplementation

Restores the reduction implemented by Executive Order 2009-22 to state SSI supplements using GF/GP revenue redirected from FIP. Executive Order 2009-22 eliminated state SSI supplement payments to SSI recipients residing in independent living settings for the last quarter of FY 2009. Supplements to these recipients average around \$14 per month.

Gross	--	\$9,925,600
GF/GP	--	\$9,925,600

9. Strong Families/Safe Children

Reduces federal Title IV-B appropriation by \$3.0 million, leaving an appropriation of \$9.9 million for FY 2009. As of May, line item expenditures and encumbrances were just over \$4.1 million. HFA estimates total spending will fall below the new appropriation if current spending trend continues.

Gross	--	(\$3,000,000)
Federal	--	(\$3,000,000)

10. Adoption Subsidies

Federal Title IV-B savings generated in the Strong Families/Safe Children line item are redirected to the Adoption Subsidies line item in order to achieve GF/GP savings in this line item. Adoption subsidies provide financial support to adoptive families who adopt children out of the child welfare system.

Gross	--	\$0
Federal	--	\$3,000,000
GF/GP	--	(\$3,000,000)

11. Community Protection and Permanency

Reduces TANF appropriation by \$1.0 million, leaving an appropriation of \$16.8 million for FY 2009. As of May, line item expenditures and encumbrances were just over \$9.2 million. HFA estimates total spending will fall below the new appropriation if current spending trend continues.

Gross	--	(\$1,000,000)
Federal	--	(\$1,000,000)

12. SSI Advocates

Reduces GF/GP support for Supplemental Security Income (SSI) advocacy activities aimed at assisting SSI applicants to qualify for federal SSI benefits. Line item supports DHS program staff and a contract with the Legal Services Association of Michigan. Spending trends as of May suggest the appropriation line item will lapse around \$1.2 million in GF/GP authority.

Gross	--	(\$1,200,000)
GF/GP	--	(\$1,200,000)

13. Marriage Initiative

Reduces TANF appropriation by \$840,000, leaving an appropriation of \$685,000 for FY 2009. As of May, line item expenditures and encumbrances were just under \$200,000. HFA estimates total spending will fall below the new appropriation if current spending trend continues.

Gross	--	(\$840,000)
Federal	--	(\$840,000)

14. Emergency Services Local Office Allocations

Restores GF/GP reduction implemented by Executive Order 2009-22; program supports emergency services assistance (e.g. rent and mortgage payments, home repairs) for eligible low-income households.

Gross	--	\$2,300,000
GF/GP	--	\$2,300,000

FY 2008-09 Appropriation Items:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
15. Zero to Three	Gross	--	\$1,000,000	
Restores TANF reduction implemented by Executive Order 2009-22; program provides funding for local secondary prevention initiatives aimed at assisting families with young children at risk of abuse/neglect.	Federal	--	\$1,000,000	
16. Adoption Support Services	Gross	--	\$1,374,200	
Increases funding for adoption support services to allow for a 36% increase in contract rates paid to private adoption agencies. Boilerplate indicates rate increase is to be used to meet new staffing requirements for adoption agencies mandated in the Children's Rights lawsuit settlement. This line item was reduced by \$1.0 million in GF/GP in Executive Order 2009-22; this action partially restores this GF/GP cut.	Federal	--	411,300	
	GF/GP	--	\$962,900	
17. Families First	Gross	--	\$750,000	
Restores TANF reduction implemented by Executive Order 2009-22; program provides funding for home-based intervention services through contracts with local agencies to assist families at risk of having a child removed from the home due to abuse or neglect.	Federal	--	\$750,000	
TRANSPORTATION				
18. Rail Passenger Service	Gross	\$400,000	\$400,000	
The state of Michigan contracts with AMTRAK to provide daily rail passenger service along two lines: the <i>Blue Water</i> (Port Huron to Chicago), and the <i>Pere Marquette</i> (Grand Rapids to Chicago). Service is currently provided under a 9-month (October 1, 2008 through June 30, 2009) \$6.4 million contract. The State Budget Office indicates that a supplemental appropriation of \$400,000 (Comprehensive Transportation Fund) is needed to provide service through September 30, 2009. The State Budget Office has also requested the repeal of related boilerplate spending restriction – see below. (3/12/09 SBO letter)	Restricted	400,000	400,000	

FY 2008-09 Boilerplate Items:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
AGRICULTURE				
1. Migrant Worker Housing Inspections		--	Sec. 221	
Allows Department of Agriculture to enter into agreements with local governmental units to conduct housing inspections for migrant workers.				
COMMUNITY HEALTH				
2. Retroactive Medicaid FMAP Adjustment Distribution		--	Sec. 251	
Contingency language that requires the Department of Community Health to refund federally related quality assurance assessment program (QAAP) revenue, proportionately, to hospitals, nursing homes and hospital long-term care units that paid assessments for FY 2006, 2007 and 2008 if the State receives a retroactive FMAP adjustment under the federal CHIPRA legislation of 2009.				
HUMAN SERVICES				
3. Adoption Support Services - Rate Increase		--	Sec. 301	
Lists the new rates to be paid to private adoption agencies for adoption placements and finalizations; provides that the rate increases are to be used to meet the 22:1 cases-to-worker ratio mandated by the Children's Rights lawsuit settlement.				
4. Restoration of SSI Supplement Reduction		--	Sec. 302	
Provides the funding for state supplementation restores the Executive Order reduction for this program in recognition of the fact that the State has been unable to secure federal waiver approval for the proposed elimination of supplement payments to recipients residing in independent living settings.				
5. Emergency Services Local Office Allocations		--	Sec. 303	
Provides the funding for emergency services local office allocations restores the Executive Order reduction for this program; requires DHS to make every effort to ensure all funds are used to provide assistance to eligible persons; requires a report on expenditures with an explanation for any lapsed appropriation authority.				

FY 2008-09 Boilerplate Items:

Executive **House** **Senate**

TRANSPORTATION/REPEALER

6. Rail Passenger Service

As noted above, the State Budget Office is requesting a supplemental appropriation to extend AMTRAK rail passenger contract service through September 30, 2009. Boilerplate section 711 from 2008 PA 275 (the enacted FY 2008-09 transportation budget) limits the amount of state subsidy to \$7.1 million. The State Budget Office has also requested the repeal of boilerplate Section 711, and the inclusion of new boilerplate language without the spending restrictions. (3/12/09 SBO letter)

Included Secs.
401/1001