

FY 2008-09 AND FY 2009-10 SUPPLEMENTAL APPROPRIATIONS
Summary: Enrolled Bill
House Bill 4311



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OVERVIEW

The Senate-passed version of House Bill 4311—which was concurred to by the House and ordered enrolled—contains supplemental appropriation adjustments boilerplate language for both FY 2008-09 and FY 2009-10. Detailed information on the supplemental adjustments contained in the bill is provided in the tables below.

FY 2008-09 APPROPRIATIONS SUMMARY						
Budget Area	Executive*		House		Senate/Enrolled	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Corrections	\$9,800,000	(\$179,600,000)	\$9,800,000	\$10,000,000	\$9,800,000	(\$179,600,000)
Energy, Labor, Econ Growth	3,800,000	0	0	0	3,800,000	0
Higher Education	0	(97,976,900)	0	(97,976,900)	0	(97,976,900)
Human Services	0	97,976,900	0	97,976,900	0	97,976,900
State	0	0	0	0	0	0
State Police	0	(98,100,000)	0	0	0	(98,100,000)
TOTAL	\$13,600,000	(\$277,700,000)	\$9,800,000	\$10,000,000	\$13,600,000	(\$277,700,000)

*Reflects SBO letters of 9/9/08, 6/1/09, 7/30/09, 10/5/09, and 10/29/09.

<u>FY 2008-09 Appropriation Items:</u>	<u>Executive</u>	<u>House</u>	<u>Senate/ Enrolled</u>
CORRECTIONS			
1. Prison Store Operations	Gross	\$4,800,000	\$4,800,000
The State Budget Office requests restoration of restricted revenues deriving from prison store operations; a new line for "prison store operations" would appropriate the funding and be used for storekeeper positions that are being retained, rather than eliminated as previously contemplated. (9/9/08 SBO letter)	Restricted	4,800,000	4,800,000
2. Northern Region Consolidations	Gross	\$0	\$0
Because the Department of Corrections is automating business office functions and consolidating and reducing business office staff, the state budget office requests establishment of a northern region support and services line item to fund consolidated functions at various locations in the region. A placeholder of \$100 is proposed (funded through a \$100 reduction to the Chippewa line item) so that transfers can be made into the line. (9/9/08 SBO letter)	GF/GP	\$0	\$0
3. Offset Shortfalls in Offender Collections	Gross	\$0	\$0
Offsets anticipated shortfalls in revenues from parole and probation oversight fees, which support the cost of parole and probation agents, and tether program participant revenues, which support the cost of the electronic monitoring program. The Department of Corrections projects combined revenues of about \$8.6 million against combined deducts of about \$16.8 million. Combined revenues were \$9.5 million in FY 2005-06, \$9.3 million in FY 2006-07, and \$8.8 million in FY 2007-08. (6/1/09 SBO letter)	Restricted	(5,000,000)	(5,000,000)
	GF/GP	\$5,000,000	\$5,000,000

FY 2008-09 Appropriation Items:

4. Hospital and Specialty Care Services

In combination with a \$19.0 million legislative transfer approved in July, funds a shortfall in cost of off-site hospital and specialty care, which was provided through March 31 under a contract with Correctional Medical Services, Inc. (CMS). Care currently is provided under a contract with Prison Health Services, Inc. (PHS). Expenditures for the first half of the fiscal year were \$61.8 million, with the possibility of another \$1.4 million that is being questioned. Projected expenditures for the year are \$104.3 million against an appropriation of \$80.3 million. (6/1/09 SBO letter)

	<u>Executive</u>	<u>House</u>	<u>Senate/ Enrolled</u>
Gross	\$5,000,000	\$5,000,000	\$5,000,000
GF/GP	\$5,000,000	\$5,000,000	\$5,000,000

5. Offset GF/GP with ARRA Funds

Offsets \$189.6 million in GF/GP appropriations for payroll costs of public safety personnel with revenue available from Government Services portion of State Fiscal Stabilization Fund revenue received under American Recovery and Reinvestment Act (ARRA), consistent with ARRA regulations and FY 2008-09 and FY 2009-10 state budget agreements. (10/29/09 SBO letter)

Gross	\$0	--	\$0
Federal	189,600,000	--	189,600,000
GF/GP	(\$189,600,000)	--	(\$189,600,000)

ENERGY, LABOR, AND ECONOMIC GROWTH

6. Michigan State Housing Development Authority

The supplemental increases the spending authorization for MSHDA due to higher than anticipated costs in 2009 related to upgrades to the agency's computer system used to manage data for accounting, asset management, and loan servicing functions. Previously, it was anticipated that implementation would begin in 2008, when it actually took place in 2009. In essence, the 2008 costs are being incurred in 2009. Also, the agency is realizing an increase in contractual costs with Section 8 Housing contract agents, who are responsible for managing the application process, maintaining waiting lists and records, and inspecting properties. The May 2009 Contingency Transfer increased the authorization for the Section 8 (Housing Choice Voucher Program) line item by \$7.0 million to reflect the increased use of the housing vouchers. MSHDA has sufficient resources to meet the increased costs. (10/5/09 SBO letter)

Gross	\$3,800,000	--	\$3,800,000
Restricted	3,800,000	--	3,800,000

HIGHER EDUCATION

7. TANF Fund Shift for Financial Aid Programs

Replaces \$173.1 million in GF/GP, Merit Award Trust Fund, and associated federal funds appropriated for state financial aid programs with an equal amount of federal TANF funding. Affected programs are Competitive Scholarships, Tuition Grants, Tuition Incentive Program, Promise Grants, and Nursing Scholarships. Offsetting adjustments included in Human Services budget. The financing shift will better position the State to achieve necessary state-funded Maintenance of Effort (MOE) and matching requirements to draw down up to \$155 million in federal TANF contingency fund revenues during FY 2008-09. (7/30/09 SBO letter)

Gross	\$0	\$0	\$0
Federal	170,466,500	170,466,500	170,466,500
Restricted	(72,489,600)	(72,489,600)	(72,489,600)
GF/GP	(\$97,976,900)	(\$97,976,900)	(\$97,976,900)

HUMAN SERVICES

8. TANF Program Fund Shifts

Replaces \$170.5 million in federal Temporary Assistance for Needy Families (TANF) revenue appropriated for DHS field staff costs and the family independence program with an equivalent amount of GF/GP (\$98.0 million) and Merit Award Trust Fund (\$72.5 million) revenues. The GF/GP and Merit Award revenues are transferred from the Higher Education budget, which in turn receives the TANF revenue savings from DHS. The financing shift will better position the State to achieve necessary state-funded Maintenance of Effort (MOE) and matching requirements to draw down up to \$155 million in federal TANF contingency fund revenues during FY 2008-09. (7/30/09 SBO letter)

Gross	\$0	\$0	\$0
Federal	(170,466,500)	(170,466,500)	(170,466,500)
Restricted	72,489,600	72,489,600	72,489,600
GF/GP	\$97,976,900	\$97,976,900	\$97,976,900

FY 2008-09 Appropriation Items:

STATE POLICE

9. Offset GF/GP with ARRA Funds

Offsets \$98.1 million in GF/GP appropriations for payroll costs of public safety personnel with revenue available from Government Services portion of State Fiscal Stabilization Fund revenue received under American Recovery and Reinvestment Act (ARRA), consistent with ARRA regulations and FY 2008-09 and FY 2009-10 state budget agreements. (10/29/09 SBO letter)

	<u>Executive</u>	<u>House</u>	<u>Senate/Enrolled</u>
Gross	\$0	--	\$0
Federal	98,100,000	--	98,100,000
GF/GP	(\$98,100,000)	--	(\$98,100,000)

FY 2008-09 Boilerplate Items:

STATE

1. Help America Vote Act (HAVA)

Reappropriates HAVA work project balances that would have lapsed at the end of FY 2008-09 for an additional four years. These work projects fund election reform projects which are still in various stages of completion. (7/30/09 SBO letter)

	<u>Executive</u>	<u>House</u>	<u>Senate/Enrolled</u>
	Included	Sec. 301	Sec. 301

FY 2009-10 APPROPRIATIONS SUMMARY

Budget Area	*Executive		House		Senate/Enrolled	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture	\$485,100	\$301,000	\$0	\$0	\$7,088,000	\$0
Community Health	0	0	0	0	2,025,000	0
Environmental Quality	0	0	0	0	2,000,000	0
Treasury	0	0	0	0	1,500,000	0
TOTAL	\$485,100	\$301,000	\$0	\$0	\$12,613,000	\$0

*Reflects SBO letter of 10/26/09.

FY 2009-10 Appropriation Items:

AGRICULTURE

1. Producer Security and Grain Elevators

Would restore, in part, funding vetoed by the Governor for the department's grain elevator regulatory program, a program of financial regulatory oversight to protect farm producers who store grain in the elevators. Restricted funds in the Senate bill are provided by Licensing and inspection fees, \$163,500; and Industry support funds, \$75,000. (The "Executive" amount reflects SBO letter dated 10/26/09. House included \$1.0 million, including GF/GP funding, in House-passed version of HB 4288.)

	<u>Executive</u>	<u>House</u>	<u>Senate/Enrolled</u>
FTEs	0.0	--	5.0
Gross	\$485,100	--	\$238,500
Restricted	184,100	--	238,500
GF/GP	\$301,000	--	\$0

<u>FY 2009-10 Appropriation Items:</u>	<u>Executive</u>	<u>House</u>	<u>Senate/ Enrolled</u>
2. Horse Racing Industry Programs	FTEs	--	4.0
The Senate-passed bill appropriates \$5.1 million in AEIDF revenue for horse racing programs to restore, in part, line items vetoed by the Governor from the enrolled bill. The appropriation in the enrolled bill was \$6.1 million. (The House-passed version of HB 4288 had included \$3.9 million for Horse racing programs.)	Gross	--	\$5,064,500
	Restricted	--	5,064,500
Fairs and racing (4.0 FTE positions)			\$496,500
Purses & supplements-fairs/licensed tracks			1,019,100
Licensed tracks - light horse racing			56,800
Standardbred (SB) breeders' awards			416,700
SB purses/supplements-licensed tracks			769,400
SB sire stakes			348,300
SB training and stabling			15,500
Thoroughbred program			1,032,000
Thoroughbred sire stakes			356,900
Thoroughbred owners' awards			53,300
Distribution of outstanding winning tickets			500,000
Total			\$5,064,500
3. Office of Racing Commissioner	FTEs	--	10.0
Provides \$1.8 million in AEIDF funding to partially restore \$2.5 million in spending authority vetoed by the Governor from Enrolled Senate Bill 237. Enrolled Senate Bill 237 had funded this line using SSFF revenue. (House included \$2.5 million in House-passed version of HB 4288.)	Gross	--	\$1,785,000
	Restricted	--	\$1,785,000
COMMUNITY HEALTH			
4. Primary Care Services	Gross	--	\$2,025,000
Restores funds that were eliminated in the FY 2009-10 Department of Community Health budget (Public Act 131 of 2009) for Bronson Methodist Hospital. The DSH payment to the hospital supports primary care services provided by ACCESS, Arab American Chaldean, Center for Family Health, Cherry Street Health Services, Community Health and Social Services, Hamilton Family Health Center, and North Oakland Medical Center. (Same adjustment included in House-passed version of HB 5394.)	Federal	--	1,279,600
	GF/GP	--	\$745,400
5. Settlement and Fraud Recoveries - Medicaid Benefits Trust Fund	Gross	--	\$0
Assumes additional funding from legal settlements and fraud recoveries that are deposited to the Medicaid Benefits Trust Fund. This additional revenue would offset GF/GP currently used for Medicaid payments. (Same adjustment included in House-passed version of HB 5394.)	Restricted	--	745,400
	GF/GP	--	(\$745,400)
ENVIRONMENTAL QUALITY			
6. Wetlands Protection Program Funding	FTEs	--	(30.0)
Current-year funding for the Wetlands Protection Program is \$1.8 million. The bill eliminates Wetland Protection line item and 30.0 FTEs in current year and transfers the funding and FTEs to the Land and Water Interface Program line item.	Gross	--	(\$1,845,400)
	Restricted	--	(1,845,400)
7. Transfer to Land and Water Interface	FTEs	--	30.0
Increases funding for the Wetlands Protection Program by \$2.0 million additional funding from the Environmental Protection Fund. Wetlands Protection Program funding and 30.0 FTEs are transferred to the Land and Water Interface program; funding totals \$3.8 million (\$2.0 million increased funding and \$1.8 million transferred funding).	Gross	--	\$3,845,400
	Restricted	--	3,845,400
TREASURY			
8. Bottle Bill Implementation	FTEs	--	1.0
Appropriates \$1.5 million for the bottle bill implementation from the Beverage Container Redemption Antifraud Fund for the installation of reverse bottle vending machines in border counties in Michigan. The appropriation would also fund 1.0 FTE.	Gross	--	\$1,500,000
	Restricted	--	1,500,000

<u>FY 2009-10 Boilerplate Items:</u>	<u>Executive</u>	<u>House</u>	<u>Senate/ Enrolled</u>
AGRICULTURE			
1. Agriculture Equine Industry Development Fund Report Requires quarterly report on AEIDF revenue and expenditures.	Not Included	Not Included	Sec. 1301
2. Purses and Supplements - Licensed Tracks Earmark from the purses and supplements line item of \$140,000 (AEIDF) for Michigan-bred 4-year old colts. (Included in House-passed version of HB 4288.)	Not Included	Not Included	Sec. 1302
3. Thoroughbred Program Earmark Provides earmark from Thoroughbred program line to Michigan United Thoroughbred Breeders and Owners Association to conduct a thoroughbred yearling show – \$15,000 (AEIDF). (Included in House-passed version of HB 4288.)	Not Included	Not Included	Sec. 1303
4. Thoroughbred Owners Awards References appropriation for thoroughbred owners' awards; references Horse Racing Law of 1995. (Included in House-passed version of HB 4288.)	Not Included	Not Included	Sec. 1304
5. Purse Supplements Earmark from the purses and supplements line item of "a sufficient amount" for overnight purse supplements. (Included in House-passed version of HB 4288.)	Not Included	Not Included	Sec. 1305
6. Outstanding Unclaimed Tickets Prohibits using funds for distribution of outstanding winning tickets until they are deposited in the Agriculture Equine Industry Development Fund. Department is to provide ten-day notice before funds are spent. (Included in House-passed version of HB 4288.)	Not Included	Not Included	Sec. 1306
7. Thoroughbred Program Escrow Provides for the "escrowing" of funds for the thoroughbred program. (Included in House-passed version of HB 4288.)	Not Included	Not Included	Sec. 1307
8. Notice of Intent to File Administrative Rules Requires Office or Racing Commissioner to inform certified horsemen's organization of intent to file administrative rules. (Included in House-passed version of HB 4288.)	Not Included	Not Included	Sec. 1308
ENVIRONMENTAL QUALITY			
9. Cleanup and Redevelopment Trust Fund Transfer Appropriates up to \$3.0 million of surplus funds from the Cleanup and Redevelopment Trust Fund to the Environmental Protection Fund. Transferred funding is to be used for Wetland Protection programs.	Not Included	Not Included	Sec. 1401
10. Community Pollution Prevention Fund Transfer Appropriates up to \$3.0 million of surplus funds from the Community Pollution Prevention Fund to the Environmental Protection Fund. Transferred funding is to be used for Wetland Protection programs.	Not Included	Not Included	Sec. 1402
TREASURY			
11. Boilerplate Appropriation of Surplus Funds Appropriates \$1,500,000 of surplus funds from the Cleanup and Redevelopment Trust Fund to the Beverage Container Redemption Antifraud Fund.	Not Included	Not Included	Sec. 1501
12. Bottle Bill Implementation Directs \$1,500,000 for bottle bill implementation be used for the installation of reverse bottle vending machines in border counties in Michigan.	Not Included	Not Included	Sec. 1502