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BILL ANALYSIS



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House Bill 4311 (as enrolled)
Sponsor: Representative George Cushingberry
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

House Bill 4311 was approved by the Senate on November 5, 2009. The bill provides for supplemental appropriations for fiscal year (FY) 2008-09 and FY 2009-10. The FY 2008-09 supplemental appropriations contained in the bill are based on recommendations transmitted to the Legislature by the Office of the State Budget (OSB). These OSB recommendations were transmitted to the Legislature on September 9, 2008, June 1, 2009, July 30, 2009, October 5, 2009, and October 29, 2009. The FY 2008-09 supplemental appropriations for five State departments would result in a \$13.6 million increase in Gross appropriations. The FY 2008-09 supplemental recommendations would result in a \$277.7 million reduction in GF/GP appropriations. This large FY 2008-09 GF/GP appropriation reduction would result from the shifting of \$287.7 million of existing GF/GP-supported appropriations to Federal funds that have become available to the State under provisions of the American Recovery and Reinvestment Act of 2009 (ARRA).

The FY 2009-10 supplemental appropriations for three State departments would result in a \$12.6 million increase in Gross appropriations. These appropriations would be funded entirely by Federal and State Restricted revenue fund sources.

FY 2008-09 Line-Item Appropriations

Department of Corrections

The bill provides for \$9.8 million of Gross appropriations and a \$179.6 million reduction in GF/GP appropriations. Prison store operations would receive \$4.8 million of Gross appropriations, funded with State Restricted revenue, for the operations of prison stores. A new appropriation line item, Northern region consolidations, would be created with no funding, to allow the transfer of business office functions from the existing line items through legislative transfers. This new line item relates to reductions and streamlining of departmentwide business functions. A \$5.0 million fund shift from State Restricted revenue to GF/GP revenue is included in parole and probation services, to offset projected shortfalls in State Restricted revenue funding for these programs. A \$5.0 million Gross and GF/GP appropriation would cover higher-than-anticipated expenditures in the provision of off-site health care under contracts with Corrections Medical Services. The final Corrections supplemental appropriation item is a \$189.6 million fund shift from GF/GP funding to Federal funds available under ARRA. This fund shift is part of the overall agreement between the Governor and the Legislature involving the use of Federal ARRA funding to help eliminate the projected FY 2008-09 GF/GP budget deficit.

Energy, Labor, and Economic Growth

The bill would appropriate \$3.8 million of State Restricted funding for the housing and rental assistance program in the Michigan State Housing Development Authority (MSHDA). These funds are needed to meet additional costs associated with the replacement of the computer system used by MSHDA. The funding would be from fees and charges levied on programs administered by MSHDA.

Higher Education

The bill would appropriate \$170.5 million of Federal Temporary Assistance for Needy Families (TANF) funding in financial aid programs. This Federal funding would allow the reduction of State Restricted, \$72.5 million, and GF/GP, \$98.0 million, funding in these programs. The additional State Restricted and GF/GP funding then would be offset by an adjustment in the Department of Human Services budget. This fund shift represents an effort by the State to maximize TANF contingency funding that the State is eligible to receive from the Federal government. A similar fund shift was made during FY 2007-08. There would be no impact on the level of Gross appropriations for financial aid programs from this fund shift.

Department of Human Services

The bill would appropriate \$72.5 million of State Restricted and \$98.0 million of GF/GP funding in the Family Independence Program. The increased funding would be used to reduce Federal TANF funding of \$170.5 million. This TANF funding then would be appropriated in the Higher Education section of this bill. This fund shift would have no impact on overall funding of the Family Independence Program and is designed to maximize available Federal TANF contingency funds. A similar fund shift was made during FY 2007-08.

Department of State Police

The bill provides for a \$98.1 million fund source shift in various programs in the Department. The fund shift is from GF/GP funding to Federal funds available under ARRA. This fund shift is part of the overall agreement between the Governor and the Legislature involving the use of Federal ARRA funding to help eliminate the projected FY 2008-09 budget deficit.

FY 2008-09 Supplemental Appropriations House Bill 4311 (As Enrolled) (actual dollars)				
Department/Program	Office of the State Budget		H.B. 4311	
	Gross	GF/GP	Gross	GF/GP
Corrections				
Prison Store Operations.....	\$4,800,000	\$0	\$4,800,000	\$0
Northern Region Consolidations.....	0	0	0	0
Parole and Probation Fund Source Shift	0	5,000,000	0	5,000,000
Hospital and Specialty Care Health Services	5,000,000	5,000,000	5,000,000	5,000,000
Field Operations Fund Shift to Federal ARRA....	0	(73,300,000)	0	(73,300,000)
Correctional Facilities Admin. Fund Shift to ARRA	0	(33,100,000)	0	(33,100,000)
Mental Health Services Fund Shift to ARRA.....	0	(16,800,000)	0	(16,800,000)
Prison Health Care Fund Shift to ARRA	0	(54,200,000)	0	(54,200,000)
Standish Correctional Facility Fund Shift to ARRA	0	(12,200,000)	0	(12,200,000)
Subtotal Corrections	9,800,000	(179,600,000)	9,800,000	(179,600,000)

FY 2008-09 Supplemental Appropriations House Bill 4311 (As Enrolled) (actual dollars)				
Department/Program	Office of the State Budget		H.B. 4311	
	Gross	GF/GP	Gross	GF/GP
Energy, Labor, and Economic Growth				
Information Technology Upgrades.....	3,800,000	0	3,800,000	0
Subtotal Energy, Labor, and Economic Growth..	3,800,000	0	3,800,000	0
Higher Education				
Fund Shift for Financial Aid Programs	0	(97,976,900)	0	(97,976,900)
Subtotal Higher Education	0	(97,976,900)	0	(97,976,900)
Human Services				
Family Independence Program Fund Shift	0	97,976,900	0	97,976,900
Subtotal Human Services	0	97,976,900	0	97,976,900
State Police				
Forensic Science Fund Shift to ARRA.....	0	(8,100,000)	0	(8,100,000)
Post Uniform Services Fund Shift to ARRA	0	(76,300,000)	0	(76,300,000)
Criminal Investigations Fund Shift to ARRA....	0	(13,700,000)	0	(13,700,000)
Subtotal State Police	0	(98,100,000)	0	(98,100,000)
Total Supplemental Appropriations	\$13,600,000	(\$277,700,000)	\$13,600,000	(\$277,700,000)

FY 2009-10 Line-Item Appropriations

Department of Agriculture

The bill provides for \$7.1 million of Gross appropriations to restore funding for programs originally vetoed by the Governor. The Governor vetoed funding for the Office of the Racing Commissioner and funding for State support to fairs and horse racing events, objecting to the State Restricted fund source used to support the appropriations. The funds vetoed by the Governor would be partially restored using the Agriculture Equine Fund as the source of funding. This is consistent with the original recommendation of funding these programs as recommended by the Governor.

Department of Community Health

The bill provides for \$2.0 million of Gross appropriations for primary care health clinics. The funding for this program is \$1.3 million of Federal funds and \$745,000 of GF/GP funding. The bill also provides for a \$745,000 fund shift from GF/GP funding to State Restricted funding in the Medicaid health plan program to reflect higher Medicaid recovery revenue.

Environmental Quality

The bill would appropriate FY 2009-10 funding for the protection of wetlands in the Department of Environmental Quality. The Land and Water Management Unit would receive \$3.8 million of State Restricted funding for the Land and Water Interface Program. This program, previously known as the Wetlands Protection Program, would provide full-year funding and 30.0 FTE positions for wetlands protection. The existing \$1.8 million of wetlands funding included in House Bill 4446 (Public Act 118 of 2009) then would be eliminated.

Department of Treasury

The bill would appropriate FY 2009-10 funding for the bottle bill implementation in the Department of Treasury. The \$1.5 million of State Restricted funding and 1.0 full-time equated position would fund the installation of reverse bottle vending machines in border counties in Michigan. The funding source for this appropriation is the Beverage Container Redemption Anti-Fraud Fund.

FY 2009-10 Supplemental Appropriations House Bill 4311 (as Enrolled) (actual dollars)				
Department/Program	Office of the State Budget		H.B. 4311	
	Gross	GF/GP	Gross	GF/GP
Agriculture				
Producer Security Program	\$485,100	\$301,000	\$238,500	\$0
Horse Racing Fairs, Purses and Supplements ...	0	0	5,064,500	0
Office of Racing Commissioner	0	0	1,785,000	0
Subtotal Agriculture	485,100	301,000	7,088,000	0
Community Health				
Primary Care Health Services	0	0	2,025,000	745,000
Medicaid Health Plan Services Fund Source Shift	0	0	0	(745,000)
Subtotal Community Health	0	0	2,025,000	0
Environmental Quality				
Land and Water Interface Program	0	0	3,845,400	0
Wetland Protection Program	0	0	(1,845,400)	0
Subtotal Environmental Quality	0	0	2,000,000	0
Treasury				
Bottle Bill Implementation	0	0	1,500,000	0
Subtotal Treasury	0	0	1,500,000	0
Total Supplemental Appropriations.....	\$485,100	\$301,000	\$12,613,000	\$0

FY 2008-09 Boilerplate Language Sections

Sec. 201. Contains reporting language on total State spending and payments to local units of government.

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

Sec. 301. Allows the Department of State to continue the work project status of Federal funds previously appropriated for election reform funding.

FY 2009-10 Boilerplate Language Sections

Sec. 1201. Contains reporting language on total State spending and payments to local units of government.

Sec. 1202. Subjects appropriations in the bill to provisions of the Management and Budget Act.

Sec. 1301. Contains reporting requirement language in the Department of Agriculture regarding revenue and expenditures from the Agriculture Equine Industry Development Fund.

Sec. 1302. Requires that a portion of the appropriation in the Department of Agriculture for purses and supplements be used to support horse races composed only of Michigan bred horses.

Sec. 1303. Requires a portion of the appropriation in the Department of Agriculture for the thoroughbred program to be used for a thoroughbred yearling show.

Sec. 1304. Requires that the funds appropriated in the Department of Agriculture for thoroughbred owners programs be distributed as required by law.

Sec. 1305. Requires that the funds appropriated in the Department of Agriculture for purses and supplements be distributed as required by law.

Sec. 1306. Requires that funds appropriated in the Department of Agriculture for outstanding winning tickets be distributed as required by law.

Sec. 1307. Directs the expenditure of funds in the Department of Agriculture for thoroughbred racing if no live racing is held during FY 2009-10.

Sec. 1308. Requires the Department of Agriculture to provide horsemen's organizations with at least a 30-day minimum notice before the submission of rules making to the State Office of Administrative Hearings and Rules.

Sec. 1401. Contains language in the Department of Environmental Quality budget that transfers and appropriates not more than \$3.0 million of surplus funds in the Cleanup and Redevelopment Fund to the Environmental Protection Fund.

Sec. 1501. Contains language in the Department of Environmental Quality budget that transfers and appropriates not more than \$3.0 million of surplus funds in the Community Pollution Prevention Fund to the Environmental Protection Fund.

Sec. 1401. Contains language in the Department of Treasury budget that transfers \$1.5 million from the Cleanup and Redevelopment Fund to the Beverage Container Redemption Anti-Fraud Fund.

Sec. 1502. Contains language in the Department of Treasury budget that requires the \$1.5 million appropriation for bottle bill implementation to be spent for purposes outlined in Public Act 388 of 2008.

FISCAL IMPACT

As described above, the bill contains \$13.6 million of Gross appropriations and a \$277.7 million reduction in General Fund/General Purpose appropriations for FY 2008-09. The bill contains \$12.6 million of Gross appropriations for FY 2009-10.

Date Completed: 11-6-09

Fiscal Analyst: Gary S. Olson

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.