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BILL ANALYSIS

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House Bill 4311 (Substitute S-2 as reported without amendment)
Sponsor: Representative George Cushingberry
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

House Bill 4311 (S-2) would provide 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, and October 5, 2009. The FY 2008-09 supplemental appropriations for four State departments total \$13.6 million of Gross appropriations and \$10.0 million of General Fund/General Purpose (GF/GP) appropriations. The FY 2009-10 supplemental appropriations would provide for \$3.5 million of Gross appropriations for two programs in the Department of Environmental Quality and the Department of Treasury.

FY 2008-09 Line-Item Appropriations

Department of Corrections

The bill would provide for \$9.8 million of Gross appropriations and \$10.0 million of GF/GP appropriations for several purposes. 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 these programs. A \$5.0 million Gross and GF/GP appropriation would cover higher-than-anticipated expenditures in the cost of providing off-site health care under contracts with Corrections Medical Services Incorporated.

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.

| FY 2008-09 Supplemental Appropriations House Bill 4311 (S-2) (actual dollars) | | | | |
|--|-----------------------------------|---------------------|--------------------------------|---------------------|
| Department/Program | Office of the State Budget | | Senate Substitute (S-2) | |
| | 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 & Specialty Care Health Services | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Subtotal Corrections | 9,800,000 | 10,000,000 | 9,800,000 | 10,000,000 |
| 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 |
| Total Supplemental Appropriations | \$13,600,000 | \$10,000,000 | \$13,600,000 | \$10,000,000 |

FY 2009-10 Line-Item Appropriations

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 protections. The existing \$1.8 million of wetlands funding included in enrolled House Bill 4446 is then 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 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 language in the Department of Environmental Quality budget that transfers and appropriates not to exceed \$3.0 million of surplus funds in the Cleanup and Redevelopment Fund to the Environmental Protection Fund.

Sec. 1302. Contains language in the Department of Environmental Quality budget that transfers and appropriates not to exceed \$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 that transfers \$1.5 million from the Cleanup and Redevelopment Fund to the Beverage Container Redemption Anti-Fraud Fund.

Sec. 1402. Contains language in the Department of Treasury that provides that the \$1.5 million appropriation for bottle bill implementation shall be expended for purposes outlined in Public Act 388 of 2008.

FISCAL IMPACT

As described above, the bill contains \$9.8 million of Gross appropriations and \$13.6 million of General Fund/General Purpose appropriations for FY 2008-09. The bill contains \$3.5 million of Gross appropriations for FY 2009-10.

Date Completed: 10-15-09

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.