



Senate Fiscal Agency
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Senate Bill 931 (as enacted)
Sponsor: Senator Roger Kahn, M.D.
Senate Committee: Appropriations
House Committee: Appropriations

PUBLIC ACT 476 OF 2012

Date Completed: 1-3-13

CONTENT

The bill would provide supplemental appropriations for fiscal year (FY) 2011-12. The bill includes recommendations from the State Budget Office (SBO) that implement departmental contingency plans to reduce spending (SBO request 2012-19), and an appropriation of \$2.4 million for the Department of Community Health, funded by an interdepartmental grant from the Department of Human Services, for Medicaid mental health services. The departmental contingency plans are required as part of the final budget target agreement that was negotiated in May 2012; the \$2.4 million Department of Community Health supplemental was originally recommended by the SBO as a contingency fund transfer. The bill also includes boilerplate language (Sec. 401) that would authorize the Department of Community Health to withdraw and spend up to \$15.0 million from the Medicaid Benefits Trust Fund in order to partially offset the Health Insurance Claims Adjustment (HICA) revenue shortfall in FY 2011-12. Table 1 summarizes the appropriations in the bill by fund source.

Table 1

| FY 2011-12 Supplemental Appropriations by Fund Source | |
|--|----------------------|
| Fund Source | Appropriation |
| Gross | \$(106,017,000) |
| Interdepartmental Grants and Transfers | 2,425,900 |
| Adjusted Gross | (108,442,900) |
| Federal | (17,430,000) |
| Local and Private | (2,780,800) |
| State Restricted | (409,200) |
| State General Fund/General Purpose | \$(87,822,900) |

FISCAL IMPACT

The bill would reduce FY 2011-12 Adjusted Gross appropriations by \$108.4 million and State GF/GP appropriations by \$87.8 million. Table 2 compares the Governor's supplemental recommendations to those proposed by the House. The Senate passed the bill on July 18, 2012, as a potential supplemental vehicle, and did not include any explicit appropriations.

Boilerplate Language Sections

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

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

Sec. 301. Capital Outlay. Increases the total project cost for Grand Rapids Community College's Cook Academic Hall renovations from \$14,255,400 to \$15,656,700, an increase of \$1,401,300, and specifies that Grand Rapids Community College will fund the increase.

Sec. 401. Community Health. Authorizes the withdrawal and expenditure of up to \$15.0 million from the Medicaid Benefits Trust Fund in the Department of Community Health for health plan services, as part of the solution for the FY 2011-12 HICA revenue shortfall.

Sec. 501. Corrections. Designates revenue appropriated and collected for the special equipment fund as State Restricted revenue that would not lapse to the State General Fund, and that would be used for special equipment and security projects.

Sec. 701. Technology, Management, and Budget. Outlines allowable uses for the newly named Information, Communications, and Technology Innovation Fund that would provide a revolving, self-sustaining resource for financing technology innovation projects for State agencies, colleges, universities, school districts, and other public and not-for-profit organizations that provide public sector services.

Fiscal Analyst: Ellen Jeffries

Table 2

Senate Bill 931: FY 2011-12 Supplemental Recommendations

| Department/Budget Area | Gov's Rec. | | Senate-Passed | | House-Passed / Enacted | |
|---|-----------------------|-----------------------|---------------|------------|------------------------|-----------------------|
| | Gross | GF/GP | Gross | GF/GP | Gross | GF/GP |
| Agriculture & Rural Development | | | | | | |
| Eliminate 9.0 vacant FTE positions | (\$720,300) | (\$720,300) | \$0 | \$0 | (\$720,300) | (\$720,300) |
| Savings from employees' 4% DB contributions | (111,800) | (111,800) | 0 | 0 | (111,800) | (111,800) |
| Total Agriculture & Rural Development..... | (\$832,100) | (\$832,100) | \$0 | \$0 | (\$832,100) | (\$832,100) |
| Attorney General | | | | | | |
| Program funding reductions..... | (\$40,000) | (\$40,000) | \$0 | \$0 | (\$40,000) | (\$40,000) |
| Savings from employees' 4% DB contributions | (88,900) | (88,900) | 0 | 0 | (88,900) | (88,900) |
| Total Attorney General..... | (\$128,900) | (\$128,900) | \$0 | \$0 | (\$128,900) | (\$128,900) |
| Civil Rights | | | | | | |
| Eliminate 3.0 vacant FTEs/other restructuring..... | (\$260,900) | (\$260,900) | \$0 | \$0 | (\$260,900) | (\$260,900) |
| Savings from employees' 4% DB contributions | (70,900) | (70,900) | 0 | 0 | (70,900) | (70,900) |
| Total Civil Rights | (\$331,800) | (\$331,800) | \$0 | \$0 | (\$331,800) | (\$331,800) |
| Community Health | | | | | | |
| Eliminate 88.3 vacant FTE positions | (\$8,861,300) | (\$5,729,600) | \$0 | \$0 | (\$8,861,300) | (\$5,729,600) |
| Eliminate Michigan Public Health Institute billing contract | (1,325,000) | (331,300) | 0 | 0 | (1,325,000) | (331,300) |
| Savings from employees' 4% DB contributions | (1,432,900) | (817,600) | 0 | 0 | (1,432,900) | (817,600) |
| Behavioral health services for Medicaid-eligible children ¹⁾ | 2,425,900 | 0 | 0 | 0 | 2,425,900 | 0 |
| Total Community Health | (\$9,193,300) | (\$6,878,500) | \$0 | \$0 | (\$9,193,300) | (\$6,878,500) |
| Corrections | | | | | | |
| Savings due to closure of Mound Correctional Facility | (\$21,256,300) | (\$21,256,300) | \$0 | \$0 | (\$21,256,300) | (\$21,256,300) |
| Savings from vacant parole/probation positions | (10,640,500) | (10,640,500) | 0 | 0 | (10,640,500) | (10,640,500) |
| Prison operations savings | (9,183,400) | (9,183,400) | 0 | 0 | (9,183,400) | (9,183,400) |
| Prisoner health care savings | (7,909,500) | (7,909,500) | 0 | 0 | (7,909,500) | (7,909,500) |
| Other spending reductions | (8,809,200) | (8,809,200) | 0 | 0 | (8,809,200) | (8,809,200) |
| Reduce equipment and special maintenance funding | (1,000,000) | (1,000,000) | 0 | 0 | (1,000,000) | (1,000,000) |
| Replace GF with new "special equipment fund" revenue | 0 | (500,000) | 0 | 0 | 0 | (500,000) |
| Restore savings assumed in original FY 2011-12 budget | 34,298,900 | 34,298,900 | 0 | 0 | 34,298,900 | 34,298,900 |
| Savings from employees' 4% DB contributions | (7,744,800) | (7,744,800) | 0 | 0 | (7,744,800) | (7,744,800) |
| Total Corrections..... | (\$32,244,800) | (\$32,744,800) | \$0 | \$0 | (\$32,244,800) | (\$32,744,800) |
| Education | | | | | | |
| Savings from employees' 4% DB contributions | (\$28,800) | (\$28,800) | \$0 | \$0 | (\$28,800) | (\$28,800) |
| Total Education..... | (\$28,800) | (\$28,800) | \$0 | \$0 | (\$28,800) | (\$28,800) |
| Environmental Quality | | | | | | |
| Eliminate 1.0 vacant FTE; reduce CSS&M, travel, supplies | (\$81,600) | (\$81,600) | \$0 | \$0 | (\$81,600) | (\$81,600) |
| Savings from employees' 4% DB contributions | (93,000) | (93,000) | 0 | 0 | (93,000) | (93,000) |
| Total Environmental Quality..... | (\$174,600) | (\$174,600) | \$0 | \$0 | (\$174,600) | (\$174,600) |

Senate Bill 931: FY 2011-12 Supplemental Recommendations

| Department/Budget Area | Gov's Rec. | | Senate-Passed | | House-Passed / Enacted | |
|---|-----------------------|-----------------------|---------------|------------|------------------------|-----------------------|
| | Gross | GF/GP | Gross | GF/GP | Gross | GF/GP |
| Human Services | | | | | | |
| Align salary and wage funding with actual spending | (\$21,000,000) | (\$5,796,100) | \$0 | \$0 | (\$21,000,000) | (\$5,796,100) |
| Eliminate 182.0 vacant FTE positions | (13,241,100) | (5,216,500) | 0 | 0 | (13,241,100) | (5,216,500) |
| Replace GF with TANF savings..... | 0 | (7,758,400) | 0 | 0 | 0 | (7,758,400) |
| Savings from employees' 4% DB contributions | (1,461,800) | (1,461,800) | 0 | 0 | (1,461,800) | (1,461,800) |
| Total Human Services | (\$35,702,900) | (\$20,232,800) | \$0 | \$0 | (\$35,702,900) | (\$20,232,800) |
| Judiciary | | | | | | |
| Savings from employees' 4% DB contributions | (\$179,000) | (\$179,000) | \$0 | \$0 | (\$179,000) | (\$179,000) |
| Total Judiciary | (\$179,000) | (\$179,000) | \$0 | \$0 | (\$179,000) | (\$179,000) |
| Legislative Auditor General/Legislature | | | | | | |
| Savings from employees' 4% DB contributions | (\$197,500) | (\$197,500) | \$0 | \$0 | (\$197,500) | (\$197,500) |
| Legislative Auditor General/Legislature | (\$197,500) | (\$197,500) | \$0 | \$0 | (\$197,500) | (\$197,500) |
| Licensing and Regulatory Affairs | | | | | | |
| Eliminate 1.0 vacant FTE position | (\$71,100) | (\$71,100) | \$0 | \$0 | (\$71,100) | (\$71,100) |
| Savings from employees' 4% DB contributions | (93,300) | (93,300) | 0 | 0 | (93,300) | (93,300) |
| MIHealth marketplace..... | 9,850,000 | 0 | 0 | 0 | 0 | 0 |
| Total Licensing and Regulatory Affairs | \$9,685,600 | (\$164,400) | \$0 | \$0 | (\$164,400) | (\$164,400) |
| Military and Veterans Affairs | | | | | | |
| Savings from employees' 4% DB contributions | (\$88,800) | (\$88,800) | \$0 | \$0 | (\$88,800) | (\$88,800) |
| Total Military and Veterans Affairs | (\$88,800) | (\$88,800) | \$0 | \$0 | (\$88,800) | (\$88,800) |
| Natural Resources | | | | | | |
| Eliminate 3.9 vacant FTE positions | (\$50,000) | (\$50,000) | \$0 | \$0 | (\$50,000) | (\$50,000) |
| Reduce funding for supplies in wildfire protection program | (32,200) | (32,200) | 0 | 0 | (32,200) | (32,200) |
| Savings from employees' 4% DB contributions | (76,900) | (76,900) | 0 | 0 | (76,900) | (76,900) |
| Total Natural Resources | (\$159,100) | (\$159,100) | \$0 | \$0 | (\$159,100) | (\$159,100) |
| State | | | | | | |
| Eliminate 11.0 vacant FTE positions (GF/license fees) | (\$965,800) | (\$103,900) | \$0 | \$0 | (\$965,800) | (\$103,900) |
| Savings from employees' 4% DB contributions | (39,100) | (39,100) | 0 | 0 | (39,100) | (39,100) |
| Total State | (\$1,004,900) | (\$143,000) | \$0 | \$0 | (\$1,004,900) | (\$143,000) |
| State Police | | | | | | |
| Eliminate 2.0 vacant FTEs/other restructuring..... | (\$1,202,300) | (\$1,155,000) | \$0 | \$0 | (\$1,202,300) | (\$1,155,000) |
| Savings from employees' 4% DB contributions | (284,400) | (284,400) | 0 | 0 | (284,400) | (284,400) |
| Total State Police..... | (\$1,486,700) | (\$1,439,400) | \$0 | \$0 | (\$1,486,700) | (\$1,439,400) |

| Senate Bill 931: FY 2011-12 Supplemental Recommendations | | | | | | |
|--|-----------------------|-----------------------|---------------|------------|------------------------|-----------------------|
| Department/Budget Area | Gov's Rec. | | Senate-Passed | | House-Passed / Enacted | |
| | Gross | GF/GP | Gross | GF/GP | Gross | GF/GP |
| Technology, Management, and Budget | | | | | | |
| Eliminate 7.0 vacant FTE positions | (\$567,100) | (\$567,100) | \$0 | \$0 | (\$567,100) | (\$567,100) |
| Savings from employees' 4% DB contributions | (282,100) | (282,100) | 0 | 0 | (282,100) | (282,100) |
| State Building Auth. rent reduction due to lease cancellations | (19,800,000) | (19,800,000) | 0 | 0 | (19,800,000) | (19,800,000) |
| Rename Info, Communications, & Tech. Innovation Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Technology, Management, and Budget | (\$20,649,200) | (\$20,649,200) | \$0 | \$0 | (\$20,649,200) | (\$20,649,200) |
| Treasury-Operations | | | | | | |
| Eliminate 43.0 vacant FTE positions | (\$3,088,300) | (\$3,088,300) | \$0 | \$0 | (\$3,088,300) | (\$3,088,300) |
| Savings from employees' 4% DB contributions | (70,900) | (70,900) | 0 | 0 | (70,900) | (70,900) |
| Total Treasury-Operations..... | (\$3,159,200) | (\$3,159,200) | \$0 | \$0 | (\$3,159,200) | (\$3,159,200) |
| Treasury-Strategic Fund | | | | | | |
| Eliminate 2.0 vacant FTE positions | (250,100) | (250,100) | 0 | 0 | (250,100) | (250,100) |
| Savings from employees' 4% DB contributions | (40,900) | (40,900) | 0 | 0 | (40,900) | (40,900) |
| Total Treasury-Strategic Fund..... | (\$291,000) | (\$291,000) | \$0 | \$0 | (\$291,000) | (\$291,000) |
| Total Supplemental Appropriations..... | (\$96,167,000) | (\$87,822,900) | \$0 | \$0 | (\$106,017,000) | (\$87,822,900) |
| 1) Originally recommended by the State Budget Office as a contingency fund transfer. | | | | | | |

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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.