

Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 4407 (Substitute S-1 as passed by the Senate)

Sponsor: Representative Chuck Moss

House Committee: Appropriations

Senate Committee: Appropriations

Date Completed: 5-11-11

**CONTENT**

The bill provides supplemental appropriations for Fiscal Year (FY) 2010-11 for eight State budget areas. There are appropriations of new Federal and State restricted funds as well as a fund shift of Federal Temporary Assistance for Needy Families (TANF) revenue and State General Fund/General Purpose (GF/GP) revenue between the Department of Human Services and Higher Education. Table 1 summarizes the Gross and GF/GP appropriations for each department and budget area.

**Table 1**

| <b>FY 2010-11 Supplemental Appropriations<br/>House Bill 4407 (S-1)</b> |                      |              |
|-------------------------------------------------------------------------|----------------------|--------------|
| <b>Department/Budget Area</b>                                           | <b>Gross</b>         | <b>GF/GP</b> |
| Community Health                                                        | \$0                  | \$0          |
| Environmental Quality                                                   | 70,000,000           | 0            |
| Higher Education                                                        | 0                    | (57,326,400) |
| Human Services                                                          | 6,962,100            | 57,326,400   |
| Judiciary                                                               | 154,600              | 0            |
| Licensing and Regulatory Affairs                                        | 23,585,500           | 0            |
| Military & Veterans Affairs                                             | 500,000              | 0            |
| Natural Resources                                                       | 1,300,000            | 0            |
| <b>Total Supplemental Appropriations</b>                                | <b>\$102,502,200</b> | <b>\$0</b>   |

**FISCAL IMPACT**

The bill would increase Gross State appropriations by \$102,502,200 and there would be no net impact on GF/GP appropriations. The bill provides funding for the following departments and budget areas:

**Community Health:** Federal American Recovery and Reinvestment Act (ARRA) funding of \$4.9 million is appropriated for Medicare Premium Payments to recognize additional ARRA Title-XIX funds available for services to individuals who are dually eligible for Medicaid and Medicare. A corresponding \$4.9 million reduction in other Federal funds for Departmentwide Health Projects results in no net appropriation change for the Department.

**Environmental Quality:** There are two separate appropriations from the Strategic Water Quality Initiatives Fund (SWQIF), \$30.0 million for the Environmental Cleanup and Redevelopment Program and \$40.0 million for Strategic Water Quality Initiatives Grants. The \$30.0 million for environmental cleanup would be used for nonpoint water pollution response activities. The \$40.0 million would be used for grants to municipalities to assist in the implementation of the SWQIF loan program that provides low interest loans for wastewater treatment facility improvements.

**Higher Education:** Federal TANF revenue replaces \$57.3 million in GF/GP and \$30.1 million in State restricted revenue for financial aid programs. This fund shift has been done in previous years and is intended to improve the State's ability to meet TANF maintenance of effort (MOE) requirements.

**Human Services:** State GF/GP and State restricted revenue replaces \$87.4 million in Federal TANF revenue for the Family Independence Program. This fund shift has been done in previous years and is intended to improve the State's ability to meet TANF MOE requirements.

There is an appropriation of \$6.96 million in Federal ARRA funding for the Weatherization Assistance Program. Of the \$6.96 million, \$3.6 million would be allocated for the Oakland Livingston Human Services Agency, \$3.0 million for the Muskegon Oceana Community Action Partnership, and \$0.3 million for grant administration.

**Judiciary:** Federal Byrne Justice Assistance Grant revenue of \$154,600 is appropriated as an interdepartmental grant from the Department of State Police for technology expansion in the State Appellate Defender Office.

**Licensing and Regulatory Affairs:** Federal Reed Act funding of \$23.3 million is appropriated for the Unemployment Insurance Agency to replace its mainframe system with an integrated system. The integrated system would allow coordination of the tax administration and benefit claims functions. A request for proposal was sent out in October 2010 and the contract is expected to be awarded as soon as this month.

There is an appropriation of \$285,500 in State restricted securities fees and insurance bureau fund revenue for the Office of Insurance and Financial Regulation (OFIR) to recognize additional responsibilities for OFIR pursuant to the Federal Dodd-Frank Wall Street Reform and Consumer Protection Act.

**Military and Veterans Affairs:** Private funds of \$500,000 from the Veterans' Home Post and Posthumous account are appropriated for the replacement of the front entrance canopy at the Grand Rapids Veterans Home.

**Natural Resources:** Restricted revenue of \$300,000 from the Forest Development Fund is appropriated for wildfire protection; \$300,000 in GF/GP is removed as a fund source for wildfire protection and shifted to fund forest recreation in order to avoid closure of State forest campgrounds.

Michigan State Waterways Fund revenue of \$1.0 million is appropriated for a capital outlay project for the Grand Marais harbor.

## **Boilerplate Language Sections**

**Sec. 201.** Records amount of Total State Spending and payments to local units of government included in the bill.

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

**Sec. 251.** Appropriates the funds remaining in the Homeowner Construction Lien Recovery Fund to the Department of Energy, Labor, and Economic Growth for payment of court-ordered homeowner construction lien recovery fund judgments entered prior to August 23, 2010. The payment of final judgments would be made in the order in which the final orders were made and began accruing interest. The Fund was repealed on August 23, 2010, but received some restitution payments after that date as a result of prior court orders.

**Sec. 301.** Establishes the \$30.0 million appropriation for environmental cleanup as a work project account with a tentative completion date of September 30, 2015.

**Sec. 302.** Appropriates up to \$2.0 million in surplus funds from the Clean Michigan Initiative State Projects Bond Fund to the Natural Resources Trust Fund.

**Sec. 303.** Appropriates up to \$1.75 million in surplus funds from the Clean Michigan Initiative State Projects Bond Fund to the State Park Improvement Fund.

**Sec. 304.** Establishes the \$40.0 million appropriation for strategic water quality initiatives grants as a work project account with a tentative completion date of September 30, 2014.

**Sec. 351.** Requires the \$300,000 appropriated for forest recreation to be spent in order to keep State forest campgrounds currently proposed for closure, open and accessible to the public.

**Sec. 352.** Requires the Department of Natural Resources to fund a capital outlay project to restore the breakwall at the Grand Marais harbor according to a plan to be prepared by Burt Township.

Fiscal Analyst: Ellen Jeffries