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House Bill 5014 (as enrolled)
Sponsor: Representative Chuck Moss
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 12-16-11

CONTENT

The bill would provide supplemental appropriations for fiscal year (FY) 2011-12 for three State departments, the Executive Office, and the Legislature. These supplemental appropriations include four separate State Budget Office (SBO) letters that total \$320.7 million in Adjusted Gross appropriations, and \$168.9 million in State General Fund/General Purpose (GF/GP) appropriations, as well as an additional \$470,000 in Adjusted Gross/GF/GP appropriations that were legislatively initiated. The SBO recommendations for the Department of Licensing and Regulatory Affairs, including \$9.85 million in Federal funding for the MIHealth Marketplace, were not included. Table 1 summarizes the Adjusted Gross and GF/GP appropriations for each budget area, as recommended by the SBO, and as enrolled by the Legislature.

Table 1

FY 2011-12 Supplemental Recommendations				
Department/ Budget Area	SBO Adjusted Gross	SBO GF/GP	Enrolled Adjusted Gross	Enrolled GF/GP
Community Health	320,446,100	168,691,100	320,446,100	168,691,100
Education	206,285,800	42,045,100	206,285,800	42,045,100
Executive Office	200,000	200,000	200,000	200,000
Human Services	(206,196,800)	(42,045,100)	(206,196,800)	(42,045,100)
Legislature	0	0	470,000	470,000
Lic. & Reg. Affairs	11,350,000	0	0	0
Total	\$332,085,100	\$168,891,100	\$321,205,100	\$169,361,100

FISCAL IMPACT

The bill would increase FY 2011-12 Adjusted Gross State appropriations by \$321.2 million and State GF/GP appropriations by \$169.4 million. The FY 2011-12 GF/GP balance sheet established during the budget target-setting process did not include the additional appropriations for the Executive Office or the Legislature. However, due to the continuation of the use tax on Medicaid health plans for the first two quarters of the fiscal year, the tax generated \$33.8 million in net additional GF/GP revenue, which would offset the additional appropriations.

The bill would provide funding for the following budget areas:

Community Health: As recommended by the SBO, second-year funding of \$119.4 million is provided for the Medicaid Electronic Health Record Incentive Program, of which \$1.4 million is GF/GP match for Federal funds; first-year funding was included in a supplemental bill for FY 2010-11.

The final negotiations on the health claims assessment were not completed until after the enactment of the FY 2011-12 Department of Community Health (DCH) budget. Due to the continuation of the use tax on Medicaid health plans for the first two quarters of the fiscal year, appropriation adjustments to increase Federal (\$133.0 million) and GF/GP (\$167.3 million) spending, and reduce State restricted revenue (\$99.2 million), are required.

Education: Executive Order 2011-8 consolidated Michigan's early childhood development programs and funding by creating the Michigan Office of Great Start within the Department of Education (DOE). This SBO supplemental request transfers \$206.2 million Adjusted Gross and \$42.0 million GF/GP from the Department of Human Services (DHS) to the DOE, and adds \$89,000 in private foundation revenue to fund the new position of Great Start Office Director in the DOE.

Executive Office: Public Act 102 of 2011 created the Governor's Council on Educator Effectiveness. One of the charges of this Council is to provide a report by April 30, 2012, regarding a student growth and assessment tool and a State evaluation tool for teachers and school administrators. As recommended by the SBO, funding of \$200,000 GF/GP is included for staffing and support for the Council.

Human Services: The bill transfers \$615,000 from the foster care payments line item to create a separate \$615,000 line item for Indian tribal foster care payments, and reinstates boilerplate language (Sec. 301) to allow the DHS to reimburse tribal governments for their costs associated with children under tribal court jurisdiction. As mentioned above, the bill implements Executive Order 2011-8, which consolidated Michigan's early childhood development programs, by transferring \$206.2 million from the DHS to the DOE for the Michigan Office of Great Start.

Legislature: The bill includes a legislatively initiated GF/GP appropriation of \$470,000 for retirement costs for the Legislative Council and the Legislative Service Bureau.

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. 301. Requires the DHS to provide 50.0% reimbursement to Indian tribal governments for foster care expenditures.

Sec. 402. Adjusts the Economic Vitality Incentive Program (EVIP) to allow for full payments to cities, villages, and townships that completed the program requirements under transparency and accountability by October 1, but whose documentation did not reach the Department of Treasury by that date. This would allow 18 local governments to receive full payment under this category. Payments to these local governments under this portion of the program total \$395,725 in FY 2011-12. The bill also would extend the time for local governments to submit documentation and certification on future due dates under this program and clarifies that if required documentation is not submitted by the first day of a payment month, then the payment for that month is forfeited.

Enacting Section 1: Repeals Sec. 951 of the FY 2011-12 General Government appropriation act which refers to State revenue sharing for cities, villages, and townships; and repeals Sec. 614 of the FY 2011-12 DHS appropriation act which refers to indigent burial.

Table 2 lists the Adjusted Gross and GF/GP appropriations by budget area and program. Items that are SBO recommendations are noted in parenthesis after the item.

Table 2**HB 5014 (H-4) As Enrolled**

Department/Budget Area/Program	Adjusted Gross	GF/GP
Community Health		
Electronic health record incentive (SBO)	119,388,800	1,398,900
Use tax/claims tax adjustments for PIHPs (SBO)	70,874,100	23,998,000
Use tax/claims tax adjustments for HMOs (SBO)	130,183,200	143,294,200
Education		
Creation of Great Start office (SBO).....	210,492,500	42,893,400
Transfer of early childhood staff to new office (SBO).....	(4,295,700)	(848,300)
Director of Great Start office (SBO).....	89,000	0
Executive		
Governor's council on educator effectiveness (SBO).....	200,000	200,000
Human Services		
Foster care payments/tribes (neg/pos \$615K) (SBO)	0	0
Transfer staff and funding to new DOE office (SBO)	(190,277,200)	(42,045,100)
Create IDG from new DOE office to DHS (SBO)	(15,919,600)	0
Legislature		
Legislative Council/Service Bureau retirement costs	470,000	470,000
Treasury		
State revenue sharing (neg/pos \$215M)	0	0
Total Supplemental Appropriations	\$321,205,100	\$169,361,100

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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.