

FY 2010-11 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed by the Senate
House Bill 4407 (S-1) as Amended



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	Executive*		House		Senate	
Budget Area	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Community Health	\$0	\$0	\$0	\$0	\$0	\$0
Licensing & Regulatory	23,585,500	0	23,585,500	0	23,585,500	0
Higher Education	0	(57,326,400)	0	(57,326,400)	0	(57,326,400)
Human Services	6,962,100	57,326,400	6,962,100	57,326,400	6,962,100	57,326,400
Judiciary	154,600	0	154,600	0	154,600	0
Military & Veterans Affairs	500,000	0	500,000	0	500,000	0
Environmental Quality	30,000,000	0	70,000,000	0	70,000,000	0
Natural Resources	0	0	0	0	1,300,000	0
TOTAL	\$61,202,200	\$0	\$101,202,200	\$0	\$102,502,200	\$0

*Reflects State Budget Office supplemental request 2011-4.

OVERVIEW

In a letter dated February 28, the State Budget Office requested a variety of supplemental adjustments to the FY 2010-11 state budget. The requested adjustments include a funding shift of \$87.4 million Gross (\$57.3 million GF/GP) between the Higher Education and Human Services budgets intended to better position the state to meet federal Temporary Assistance to Needy Families (TANF) maintenance-of-effort (MOE) requirements, as well as funding increases available from federal and restricted sources in multiple budget areas totaling \$61.2 million.

The Senate-passed version of House Bill 4407 reflects the requested adjustments, along with an adjustment in the Community Health budget originally proposed as a legislative transfer, appropriations of \$41.3 million in from restricted fund sources in the Environmental Quality and Natural Resources budgets (along with a shift of \$300,000 in GF/GP funding within the budget), and boilerplate language appropriating remaining funds in the Homeowner Construction Lien Recovery Fund in the Licensing and Regulatory Affairs budget. The bill would have no net impact on GF/GP appropriations.

FY 2010-11 Appropriation Items:

COMMUNITY HEALTH

1. Medicare Premium Payments

ARRA federal funding authorization of \$4.9 million is transferred from the Departmentwide Health Projects line to the Medicare Premium Payments line to recognize additional ARRA Title XIX funding for services to individuals who are dually eligible for Medicare and Medicaid. Authorization in the Departmentwide Health Projects line is currently unexpended and available to be transferred.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	--	--	\$0
Federal	--	--	0

FY 2010-11 Appropriation Items:**Executive****House****Senate****LICENSING AND REGULATORY AFFAIRS****2. *Unemployment Insurance Agency (UIA)***

The supplemental request re-appropriates federal Reed Act funds initially received by the state in 2002. The state originally received \$291.5 million in Reed Act funding, with \$213.0 million allocated for employment services (Michigan Works and welfare-to-work programs), \$3.5 million for internet job search access at libraries, and \$75.0 million for the Unemployment Insurance Agency. The UIA used its funds to support agency operations, establish call centers, update computer software, and establish an Internet-based claims system. The UIA is now proposing to use the remaining funds to replace its mainframe-based legacy systems that support its core functions of tax administration, benefit claims processing, income eligibility verification, and trust fund accounting with an integrated system that enable these core tax and benefit systems to share data, in real time and across several varied agency functions, including adjudication, trust fund accounting, and field audits. An integrated system would improve the agency's interaction with claimants and employers, improve agency efficiency through reduced paperwork and duplicative data entry, and improve program integrity through real time data verification. The DTMB sent out an RFP in October 2010, with responses due in January 2011. The DTMB anticipates that the contract will be awarded in April 2011, and will be begin in July 2011.

Gross	\$23,300,000	\$23,300,000	\$23,300,000
Federal	23,300,000	23,300,000	23,300,000

3. *Office of Financial and Insurance Regulation – Securities*

The supplemental request increases funding for the Office of Financial and Insurance Regulation, supported by existing securities fees revenue and Insurance Bureau Fund revenue, to implement additional responsibilities placed on the office under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Act shifts regulatory oversight over investment advisors with assets under management between \$25 million and \$100 million from SEC oversight to state oversight. States previously regulated smaller investment firms with less than \$25 million - \$30 million in investments under management. These additional firms, totaling about 170, are very large firms from a state regulatory standpoint. OFIR indicates that most of these firms haven't had an SEC examination. This adjustment is included in the FY 2011-12 Executive Recommendation. House makes technical correction, including associated FTE positions

FTE	0.0	4.0	4.0
Gross	\$233,000	\$233,000	\$233,000
Restricted	233,000	233,000	233,000

4. *Office of Financial and Insurance Regulation – Life Insurance*

The Dodd-Frank Act also makes many other changes affecting the regulation of insurance companies (historically a state, rather than federal, regulatory function). OFIR indicates that these changes will have particularly significant implications on domestic life insurance companies. This adjustment is included in the FY 2011-12 Executive Recommendation. House makes technical correction, including associated FTE position.

FTE	0.0	1.0	1.0
Gross	\$52,500	\$52,500	\$52,500
Restricted	52,500	52,500	52,500

HIGHER EDUCATION**5. *TANF Fund Shift for Financial Aid Programs***

Replaces \$57.3 million in GF/GP revenue and \$30.1 million in Merit Award Trust Fund revenue appropriated for state financial aid programs with an equal amount of federal Temporary Assistance to Needy Families (TANF) funding. Affected programs are State Competitive Scholarships, Tuition Grants, and Tuition Incentive Program. Offsetting adjustments are recommended in the Human Services budget (see below). This funding transfer is intended to improve the state's ability to meet TANF MOE requirements and is consistent with supplemental adjustments made in previous fiscal years.

Gross	\$ 0	\$ 0	\$ 0
Federal	87,426,400	87,426,400	87,426,400
Restricted	(30,100,000)	(30,100,000)	(30,100,000)
GF/GP	(\$57,326,400)	(\$57,326,400)	(\$57,326,400)

FY 2010-11 Appropriation Items:**Executive****House****Senate****HUMAN SERVICES****6. TANF Fund Shift with Higher Education**

Transfers out \$87.4 million in TANF revenue to Higher Education budget to fund financial aid programs and transfers in \$57.3 million GF/GP and \$30.1 million Merit Award Trust Funds from Higher Education to fund the Family Independence Program. This funding transfer is intended to improve the state's ability to meet TANF MOE requirements and is consistent with supplemental adjustments made in previous fiscal years.

	Gross	\$0	\$0	\$0
Federal		(87,426,400)	(87,426,400)	(87,426,400)
Restricted		30,100,000	30,100,000	30,100,000
GF/GP		\$57,326,400	\$57,326,400	\$57,326,400

7. Weatherization Assistance

Increases federal weatherization assistance ARRA funds from 2 awarded contract proposals for sustainable energy resources for consumers. The two community action agencies awarded contracts are Muskegon Oceana Community Action Partnership (\$3.0 million) and Oakland Livingston Human Services Agency (\$3.6 million). Five percent is retained for grantee administration costs.

	Gross	\$6,962,100	\$6,962,100	\$6,962,100
Federal		6,962,100	6,962,100	6,962,100

JUDICIARY**8. Appellate Public Defender Program**

Provides \$154,600 in federal Edward Byrne Justice Assistance Grant revenue as an IDG from the Department of State Police for State Appellate Defender Office (SADO) crime lab unit technology expansion. This expansion will include website enhancements and video conferencing centers that will allow assigned appellate counsel to communicate with clients in remote locations.

	Gross	\$154,600	\$154,600	\$154,600
IDG/IDT		154,600	154,600	154,600

MILITARY AND VETERANS AFFAIRS**9. Grand Rapids Veterans Home Canopy Replacement**

Funds replacement of the front entrance canopy, which is approximately 1,000 square feet, with a 2,980 square foot canopy, in order to provide more shelter from the elements for buses, ambulances, and other types of transportation. Includes concrete and foundation construction, steel framing, and a full roof system. Funded from private donation through Post and Posthumous Funds.

	Gross	\$500,000	\$500,000	\$500,000
Private		500,000	500,000	500,000

ENVIRONMENT QUALITY**10. Environmental Cleanup and Redevelopment Program**

Provides \$30.0 million funding to implement PA 232 of 2010, which allows funding from the Strategic Water Quality Initiatives Fund to be used for cleanup actions at certain contaminated sites. Funding will be used for nonpoint source water pollution response activities.

	Gross	\$30,000,000	\$30,000,000	\$30,000,000
Restricted		30,000,000	30,000,000	30,000,000

11. Strategic Water Quality Initiatives Grants

Provides \$40.0 million funding to be used for grants to municipalities and implement PA 231 of 2010, which allows funding from the Strategic Water Quality Initiatives Fund (SWQIF), generated by new bond issues, to be used for grants to municipalities. The grants may be used to provide assistance to complete loan application requirements of the SWQIF loan program and other sources of financing for sewage treatment works projects, storm water treatment projects, and nonpoint source pollution projects. The SWQIF loan program provides low interest loans to fund wastewater treatment facility improvements.

	Gross	--	\$40,000,000	\$40,000,000
Restricted		--	40,000,000	40,000,000

NATURAL RESOURCES**12. Wildfire Protection Program**

Appropriates \$300,000 restricted revenue from the Forest Development Fund for wildfire protection program; removes \$300,000 GF/GP funding from the program to be shifted to fund State Forest Campgrounds (see item below).

	Gross	--	--	\$0
Restricted		--	--	300,000
GF/GP		--	--	(\$300,000)

13. State Forest Campgrounds Funding

Provides additional \$300,000 GF/GP funding to the forest recreation line item to provide funding for the 23 state forest campgrounds that the DNR is proposing to close effective May 19, 2011 (Land Use Order of the Director Amendment No. 2 of 2011).

	Gross	--	--	\$300,000
Restricted		--	--	0
GF/GP		--	--	\$300,000

FY 2010-11 Appropriation Items:**14. Grand Marais Harbor - Capital Outlay Project**

Provides \$1.0 million restricted funding from the Michigan State Waterways Fund to restore the breakwall and fund improvements to the Grand Marais Harbor in Alger County.

Gross

Restricted

Executive

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House

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Senate**\$1,000,000**

1,000,000

FY 2010-11 Boilerplate Items:**LICENSING AND REGULATORY AFFAIRS****1. Homeowner Construction Lien Fund**

Appropriates the funds remaining in the Homeowner Construction Lien Recovery Fund (now repealed) for the payment of court-ordered construction lien judgments enter prior to the fund's repeal on August 23, 2010. Since its repeal, the fund has received some restitution payments resulting from court orders made prior to August 23, 2010. At present, there are six claims, totaling nearly \$80,000, that were entered before August 23, 2010 that still need to be paid.

Executive

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House

Sec. 251

Senate

Sec. 251

ENVIRONMENT QUALITY**2. Environmental Cleanup and Redevelopment Program Work Project Appropriations**

Provides that Environmental Cleanup and Redevelopment Program funding is a work project appropriation and allows carry-forward of any remaining funds; requires that all projects be accomplished by contract and the total cost of projects be identified in line-item appropriations; tentative completion date is September 30, 2015.

Included

Sec. 301

Sec. 301

3. Clean Michigan Initiative (CMI) - Local Projects Bond Fund Interest Earnings Transfer

Transfers surplus funding from interest earnings of up to \$2.0 million from the CMI Local Projects Bond Fund to the Michigan Natural Resources Trust Fund. CMI legislation does not give spending authority for the interest earnings on original appropriation; this language transfers the funding so that it can be appropriated by the Legislature at a future date.

Included

Sec. 302

Sec. 302

4. Clean Michigan Initiative (CMI) - State Projects Bond Fund Interest Earnings Transfer

Transfers surplus funding from interest earnings of up to \$1.75 million from the CMI State Projects Bond Fund to the State Park Improvement Fund. CMI legislation does not give spending authority for the interest earnings on original appropriation; this language transfers the funding so that it can be appropriated by the Legislature at a future date.

Included

Sec. 303

Sec. 303

5. Strategic Water Quality Initiatives Grants

Establishes unexpended portion of appropriation as a work project, with unexpended funds carrying forward into the succeeding fiscal year.

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Sec. 304

Sec. 304

NATURAL RESOURCES**6. State Forest Campgrounds**

Requires that the forest recreation appropriation in part 1 be used to keep the state forest campgrounds that the Department is proposing to close open and accessible to the public.

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Sec. 351

7. Grand Marais Harbor Breakwall - Capital Outlay Project

Requires the Department to use the appropriations in part 1 to fund a capital outlay project to restore the Grand Marais Harbor breakwall once the necessary permits have been obtained. The project has an estimated cost of \$7.0 million and an estimated completion date of September 30, 2015.

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Sec. 352