



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

BILL



ANALYSIS

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

Senate Bill 871 (as enrolled)
Sponsor: Senator Roger Kahn, M.D.
Senate Committee: Appropriations
House Committee: Appropriations

Date Completed: 6-14-12

CONTENT

The bill would provide supplemental appropriations for fiscal year (FY) 2011-12 for 12 State departments. These supplemental appropriations include six separate State Budget Office (SBO) request letters (requests 2012-8, 2012-11, 2012-12, 2012-14, 2012-16, and 2012-17), caseload and cost adjustments for the Department of Community Health and the Department of Human Services pursuant to the May 16, 2012 Consensus Revenue Estimating Conference, and additional legislatively initiated appropriations. The SBO recommendations for \$9.85 million in Federal funding for the MIHealth Marketplace in the Department of Licensing and Regulatory Affairs, and \$97.2 million in State restricted revenue from Michigan's share of the joint State-Federal foreclosure settlement are not included in the bill. Table 1 summarizes the Gross and General Fund/General Purpose (GF/GP) appropriations for each budget area included in the bill.

Table 1
FY 2011-12 Supplemental Recommendations

Department/Budget Area	Gross Appropriation	GF/GP Appropriation
Agriculture and Rural Development	\$ 140,000	\$ 140,000
Attorney General.....	933,100	0
Community Health	(208,602,600)	(115,325,500)
Education.....	10,000,000	10,000,000
Environmental Quality	10,042,100	0
Human Services.....	(55,448,500)	(75,732,300)
Judiciary	171,300	1,971,300
Licensing and Regulatory Affairs.....	150,000	150,000
Military and Veterans Affairs	4,200,000	4,200,000
Natural Resources	5,500,000	5,500,000
Technology, Management, and Budget.....	200,000	200,000
Treasury-Operations.....	1,299,400	1,000,000
Treasury-Revenue Sharing	10,000,000	0
Treasury-Strategic Fund.....	3,000,000	0
Total.....	(\$218,415,200)	(\$167,896,500)

FISCAL IMPACT

The bill would reduce FY 2011-12 Gross State appropriations by \$218.4 million and State GF/GP appropriations by \$167.9 million, primarily due to caseload and cost savings recognized as part of the May 16, 2012 Consensus Revenue Estimating Conference. The bill would reduce State GF/GP revenue by \$10.0 million due to the appropriation of additional State sales tax

revenue to the Department of Treasury for competitive grants for local units of government to encourage consolidation of services. Table 2 compares the Governor's pending supplemental recommendations to those included by the Senate and the House, by budget area and program. The Senate concurred with the House-passed bill.

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. 221. Directs the Department of Community Health to conduct a cost of dispensing survey and a pharmacy professional services fee study or to use a corresponding Federal study and adjust fees accordingly, if the Medicaid prescription pricing methodology is changed.

Sec. 223. Defines "competitive employment" and "integrated setting" for the Department of Community Health's Employment Works! policy for seriously mentally ill and developmentally disabled individuals using Federal definitions.

Sec. 224. Directs the Department of Community Health to ensure that Medicaid adult benefits waiver program expenditures and caseloads not exceed the authorized amount, if enrollment is opened.

Sec. 231. Establishes work project status for the \$9,932,100 appropriation for the environmental cleanup and redevelopment program in the Department of Environmental Quality (DEQ).

Sec. 232. Lists the sites for the environmental cleanup activities that are funded from the \$9,932,100 appropriation in the DEQ.

Sec. 271. Establishes work project status for the \$150,000 appropriation for start-up costs for the recently enacted autism coverage reimbursement program in the Department of Licensing and Regulatory Affairs.

Sec. 301. Requires the Department of Natural Resources (DNR) to award summer youth initiative funds to nongovernment organizations that specialize in the employment of at-risk youth in Detroit, Flint, Pontiac, and Saginaw; defines "at-risk youth" as individuals between the ages of 16 and 19 who are eligible for the free school lunch program.

Sec. 302. Requires funds appropriated in DNR for wildfire protection be used for the Duck Lake wildfire.

Sec. 303. Requires any Federal Emergency Management Agency reimbursement for the costs associated with the Duck lake wildfire to be deposited in the State's General Fund.

Sec. 351. Allocates the appropriation for the institutional roads program in the Department of Technology, Management, and Budget for a project at Montcalm Community College.

Sec. 401. Allocates the appropriation for revenue sharing in the Department of Treasury for the competitive grant assistance program: \$5.0 million for grants to cities, villages, townships, and counties to offset costs for mergers and other cooperative interlocal efforts; and \$5.0 million for grants to cities, villages, townships, and counties to offset costs for the

combination of public safety operations. Funding would be available for efforts that occur on or after October 1, 2011.

Sec. 402. Prohibits expenditure by the Michigan Strategic Fund of any State appropriations for planning or construction of the Detroit River International Crossing and requires a report on any activities related to the crossing.

Sec. 403. States legislative intent to appropriate \$15.0 million in FY 2012-13 for the Agricultural Disaster Loan Origination Program that is defined in House Bill 5717.

Fiscal Analyst: Ellen Jeffries
Steve Angelotti

Table 2

Senate Bill 871: FY 2011-12 Supplemental Recommendations						
Department/Budget Area	Governor's Recommendation		Senate-Passed		House-Passed/Enrolled	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture & Rural Development						
Indemnification for animals lost to tuberculosis.....	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000
Total Agriculture & Rural Development	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000
Attorney General						
Redistricting defense.....	50,000	50,000	50,000	50,000	0	0
Health Insurance Claims Assessment Act defense.....	100,000	0	100,000	0	100,000	0
Represent Detroit public schools emergency manager ¹⁾	100,000	0	100,000	0	100,000	0
Prosecute Medicaid third-party-liability cases ¹⁾	453,100	0	453,100	0	453,100	0
Prosecute unlicensed builders' cases ¹⁾	155,000	0	155,000	0	155,000	0
Enforce Fireworks Safety Act ¹⁾	125,000	0	125,000	0	125,000	0
Total Attorney General	\$983,100	\$50,000	\$983,100	\$50,000	\$933,100	\$0
Community Health						
Additional nursing home transitions	0	0	(4,375,000)	(1,481,400)	(4,375,000)	(1,481,400)
Disproportionate share (DSH) payments	0	0	10,000,000	3,386,000	0	0
Delta Dental Foundation grant to support oral health ¹⁾	273,600	0	273,600	0	273,600	0
Kellogg Foundation grant to study infant mortality ¹⁾	569,000	0	569,000	0	569,000	0
Kellogg Foundation/ECIC grants to assist children ¹⁾	139,500	0	139,500	0	139,500	0
ARRA grant for statewide primary care planning	289,000	0	289,000	0	289,000	0
Transfer from Medicaid Benefits Trust Fund to offset GF ..	0	0	0	0	0	(10,000,000)
May 2012 consensus caseload/cost estimates	(225,149,700)	(103,844,100)	(225,149,700)	(103,844,100)	(205,498,700)	(103,844,100)
Total Community Health	(\$223,878,600)	(\$103,844,100)	(\$218,253,600)	(\$101,939,500)	(\$208,602,600)	(\$115,325,500)
Education						
Education achievement authority	10,000,000	0	0	0	10,000,000	10,000,000
Total Education	\$10,000,000	\$0	\$0	\$0	\$10,000,000	\$10,000,000
Environmental Quality						
Submerged logs permit program (restricted revenue)	110,000	0	110,000	0	110,000	0
Site cleanups (restricted environmental bond revenue)	9,932,100	0	9,932,100	0	9,932,100	0
Total Environmental Quality.....	\$10,042,100	\$0	\$10,042,100	\$0	\$10,042,100	\$0
Human Services						
Specialized independent living services.....	0	0	877,600	175,500	0	0
Family independence program.....	0	(30,000,000)	0	0	0	(30,000,000)
Family independence program-litigation payments	30,000,000	30,000,000	0	0	30,000,000	30,000,000
May 2012 consensus caseload/cost estimates	(85,448,500)	(75,732,300)	(85,448,500)	(75,732,300)	(85,448,500)	(75,732,300)
Total Human Services.....	(\$55,448,500)	(\$75,732,300)	(\$84,570,900)	(\$75,556,800)	(\$55,448,500)	(\$75,732,300)
Judiciary						
Fund source shift from Court Fee Fund to General Fund...	0	1,800,000	0	1,800,000	0	1,800,000
Net costs for two Court of Appeals judges	171,300	171,300	171,300	171,300	171,300	171,300
Total Judiciary.....	\$171,300	\$1,971,300	\$171,300	\$1,971,300	\$171,300	\$1,971,300

Senate Bill 871: FY 2011-12 Supplemental Recommendations						
Department/Budget Area	Governor's Recommendation		Senate-Passed		House-Passed/Enrolled	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Licensing and Regulatory Affairs						
MIHealth marketplace	9,850,000	0	0	0	0	0
Startup costs for Autism Coverage Reimbursement	150,000	150,000	150,000	150,000	150,000	150,000
Michigan rehabilitation services: match for Federal funds..	0	0	4,900,000	1,000,000	0	0
Total Licensing and Regulatory Affairs	\$10,000,000	\$150,000	\$5,050,000	\$1,150,000	\$150,000	\$150,000
Military and Veterans Affairs						
Restore reduction in direct care aides at vets' homes	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
Total Military and Veterans Affairs	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000
Natural Resources						
At-risk youth employment-Detroit, Flint, Pontiac, Saginaw.	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Saginaw Valley naval ship museum	0	0	300,000	300,000	0	0
Duck Lake wildfire disaster assistance.....	3,500,000	3,500,000	0	0	3,500,000	3,500,000
Total Natural Resources	\$5,500,000	\$5,500,000	\$2,300,000	\$2,300,000	\$5,500,000	\$5,500,000
Technology, Management, and Budget						
Montcalm Community College road	0	0	200,000	200,000	200,000	200,000
Total Technology, Management, and Budget	\$0	\$0	\$200,000	\$200,000	\$200,000	\$200,000
Treasury-Operations						
Payments in lieu of taxes (PILT)	0	0	2,153,300	1,853,900	1,299,400	1,000,000
Total Treasury-Operations	\$0	\$0	\$2,153,300	\$1,853,900	\$1,299,400	\$1,000,000
Treasury-Revenue Sharing						
Competitive grants for locals to combine operations.....	5,000,000	0	5,000,000	0	5,000,000	0
Competitive grants for locals to combine public safety.....	5,000,000	0	5,000,000	0	5,000,000	0
Total Treasury-Revenue Sharing	\$10,000,000	\$0	\$10,000,000	\$0	\$10,000,000	\$0
Treasury-Strategic Fund						
Land bank/clear tax-reverted property titles	3,000,000	0	3,000,000	0	3,000,000	0
Agricultural disaster loan origination program	0	0	15,000,000	15,000,000	0	0
Total Treasury-Strategic Fund	\$3,000,000	\$0	\$18,000,000	\$15,000,000	\$3,000,000	\$0
Total Supplemental Appropriations	(\$225,290,600)	(\$167,565,100)	(\$249,584,700)	(\$150,631,100)	(\$218,415,200)	(\$167,896,500)
1) Items originally recommended by State Budget Office as contingency fund transfers.						

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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.