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BILL



ANALYSIS

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Senate Bill 871 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Roger Kahn, M.D.
Committee: Appropriations

Date Completed: 6-7-12

CONTENT

The bill would provide supplemental appropriations for fiscal year (FY) 2011-12 for 11 State departments. These supplemental appropriations include four separate State Budget Office (SBO) request letters (requests 2012-8, 2012-11, 2012-12, and 2012-14), 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.....	983,100	50,000
Community Health	(218,253,600)	(101,939,500)
Environmental Quality	10,042,100	0
Human Services.....	(84,570,900)	(75,556,800)
Judiciary	171,300	1,971,300
Licensing and Regulatory Affairs.....	5,050,000	1,150,000
Military and Veterans Affairs	4,200,000	4,200,000
Natural Resources	2,300,000	2,300,000
Technology, Management, and Budget.....	200,000	200,000
Treasury-Operations.....	2,153,300	1,853,900
Treasury-Revenue Sharing	10,000,000	0
Treasury-Strategic Fund.....	18,000,000	15,000,000
Total.....	(\$249,584,700)	(\$150,631,100)

FISCAL IMPACT

The bill would reduce FY 2011-12 Gross State appropriations by \$249.6 million and State GF/GP appropriations by \$150.6 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 in Senate Bill 871 (S-1), by budget area and program.

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 and adjust fees accordingly, if the Medicaid prescription pricing methodology is changed from average wholesale pricing.

Sec. 222. Establishes parameters for the \$10.0 million appropriation to the Department of Community Health for a new disproportionate share pool for hospitals.

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. 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. 251. Requires the Department of Human Services to pay administrative rates of not less than \$37 for providers of foster care services and not less than \$28 for providers of general independent living services, and reinstates the administrative rate for specialized independent living services to the FY 2010-11 levels. Enacting section 1 would repeal the existing administrative rates section.

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. 272. Disallows expenditure of funds appropriated for rehabilitation services in the Department of Licensing and Regulatory Affairs unless the deficiencies found in the most recent State auditor general's report are addressed.

Sec. 301. Requires the Department of Natural Resources 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. 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. Requires the Department of Treasury to make \$169,000 in payments in lieu of taxes for purchased lands, to school districts.

Enacting section 1. Repeals Section 546 of the FY 2011-12 Department of Human Services annual appropriation act (Article X of Public Act 63 of 2011), which sets administrative rates for foster care providers (see Sec. 251 above).

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Table 2

Senate Bill 871: FY 2011-12 Supplemental Recommendations						
Budget Area/Program	Governor's Recommendation		Senate-Passed (S-1)		House	
	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	\$0	\$0
Total Agriculture & Rural Development	\$140,000	\$140,000	\$140,000	\$140,000	\$0	\$0
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	0	0
Represent Detroit public schools emergency manager ¹⁾ ...	100,000	0	100,000	0	0	0
Prosecute unlicensed builders, Medicaid cases ¹⁾	608,100	0	608,100	0	0	0
Enforce Fireworks Safety Act ¹⁾	125,000	0	125,000	0	0	0
Mortgage settlement: home protection unit (restricted)	6,000,000	0	0	0	0	0
Total Attorney General	\$6,983,100	\$50,000	\$983,100	\$50,000	\$0	\$0
Community Health						
Additional nursing home transitions	0	0	(4,375,000)	(1,481,400)	0	0
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	0	0
Kellogg Foundation grant to study infant mortality ¹⁾	569,000	0	569,000	0	0	0
Kellogg Foundation/ECIC grants to assist children ¹⁾	139,500	0	139,500	0	0	0
ARRA grant for statewide primary care planning	289,000	0	289,000	0	0	0
May 2012 consensus caseload/cost estimates.....	(225,149,700)	(103,844,100)	(225,149,700)	(103,844,100)	0	0
Total Community Health.....	(\$223,878,600)	(\$103,844,100)	(\$218,253,600)	(\$101,939,500)	\$0	\$0
Education						
Mortgage settlement: achievement authority (restricted)	10,000,000	0	0	0	0	0
Mortgage settlement: displaced students' svcs. (restr.)	12,500,000	0	0	0	0	0
Total Education	\$22,500,000	\$0	\$0	\$0	\$0	\$0
Environmental Quality						
Submerged logs permit program (restricted revenue)	110,000	0	110,000	0	0	0
Site cleanups (restricted environmental bond revenue)	9,932,100	0	9,932,100	0	0	0
Total Environmental Quality	\$10,042,100	\$0	\$10,042,100	\$0	\$0	\$0
Human Services						
Specialized independent living services.....	0	0	877,600	175,500	0	0
May 2012 consensus caseload/cost estimates.....	(85,448,500)	(75,732,300)	(85,448,500)	(75,732,300)	0	0
Total Human Services.....	(\$85,448,500)	(\$75,732,300)	(\$84,570,900)	(\$75,556,800)	\$0	\$0

Senate Bill 871: FY 2011-12 Supplemental Recommendations						
Budget Area/Program	Governor's Recommendation		Senate-Passed (S-1)		House	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Judiciary						
Fund source shift from Court Fee Fund to General Fund ...	0	1,800,000	0	1,800,000	0	0
Net costs for two Court of Appeals judges	171,300	171,300	171,300	171,300	0	0
Total Judiciary	\$171,300	\$1,971,300	\$171,300	\$1,971,300	\$0	\$0
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	0	0
Michigan rehabilitation services: match for Fed 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	\$0	\$0
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	0	0
Mortgage settlement: vets community outreach (restr.)	5,000,000	0	0	0	0	0
Total Military and Veterans Affairs	\$9,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$0	\$0
Natural Resources						
At-risk youth employment-Detroit, Flint, Pontiac, Saginaw .	2,000,000	2,000,000	2,000,000	2,000,000	0	0
Saginaw Valley naval ship museum	0	0	300,000	300,000	0	0
Total Natural Resources	\$2,000,000	\$2,000,000	\$2,300,000	\$2,300,000	\$0	\$0
Technology, Management, and Budget						
Montcalm Community College road	0	0	200,000	200,000	0	0
Total Technology, Management, and Budget	\$0	\$0	\$200,000	\$200,000	\$0	\$0
Transportation						
Woodward corr. transit study \$750K-withdrawn by SBO	0	0	0	0	0	0
Total Transportation	\$0	\$0	\$0	\$0	\$0	\$0
Treasury-Operations						
Payments in lieu of taxes (PILT)	0	0	2,153,300	1,853,900	0	0
Mortgage settlement: foreclosure victim restitution (restr.) .	10,000,000	0	0	0	0	0
Mortgage settlement: displaced students' svcs. (restr.)	12,500,000	0	0	0	0	0
Total Treasury-Operations	\$22,500,000	\$0	\$2,153,300	\$1,853,900	\$0	\$0
Treasury-Revenue Sharing						
Competitive grants for locals to combine operations	5,000,000		5,000,000	0	0	0
Competitive grants for locals to combine public safety	5,000,000	0	5,000,000	0	0	0
Total Treasury-Revenue Sharing	\$10,000,000	\$0	\$10,000,000	\$0	\$0	\$0

Senate Bill 871: FY 2011-12 Supplemental Recommendations						
Budget Area/Program	Governor's Recommendation		Senate-Passed (S-1)		House	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Treasury-Strategic Fund						
Talent fund/job training \$5M-withdrawn by SBO.....	0	0	0	0	0	0
Land bank/clear tax-reverted property titles.....	3,000,000	0	3,000,000	0	0	0
Agricultural disaster loan origination program.....	0	0	15,000,000	15,000,000	0	0
Mortgage settlement: MSHDA home counseling (restr.).....	20,000,000	0	0	0	0	0
Mortgage settlement: MSHDA blight elimination (restr.).....	11,509,500	0	0	0	0	0
Mortgage settlement: MSHDA housing/dev. fund (restr.) ...	9,700,000	0	0	0	0	0
Total Treasury-Strategic Fund	\$44,209,500	\$0	\$18,000,000	\$15,000,000	\$0	\$0
Total Supplemental Appropriations	(\$171,581,100)	(\$171,065,100)	(\$249,584,700)	(\$150,631,100)	\$0	\$0
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.