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BILL



ANALYSIS

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House Bill 5015 (Substitute S-3)
Sponsor: Representative Chuck Moss
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The bill would provide supplemental appropriations for fiscal year (FY) 2011-12 for eight State departments. These supplemental appropriations include recommendations from the State Budget Office (SBO) of \$97.2 million in State restricted revenue from Michigan's share of the joint State-Federal foreclosure settlement (request 2012-15), as well as other legislatively initiated appropriations of \$1.6 million. The bill also includes a \$10.0 million fund shift from the Department of Education to the Department of Community Health to reverse the General Fund/General Purpose (GF/GP) appropriation made in Public Act 236 of 2012 for the Education Achievement Authority and replace it with \$10.0 million of foreclosure settlement funding. Table 1 summarizes the Adjusted Gross and GF/GP appropriations for each budget area.

Table 1
FY 2011-12 Supplemental Recommendations

Department/Budget Area	Adjusted Gross Appropriation	GF/GP Appropriation
Attorney General	\$6,000,000	\$0
Community Health	0	10,000,000
Education	0	(10,000,000)
Human Services	877,600	175,500
Military and Veterans Affairs	5,000,000	0
State Police.....	600,000	600,000
Transportation.....	50,000	0
Treasury-Operations	7,594,000	94,000
Treasury-Strategic Fund	68,709,500	0
Total	\$88,831,100	\$869,500

FISCAL IMPACT

The State-Federal Foreclosure Settlement designated \$97.2 million for distribution to Michigan for purposes including avoiding preventable foreclosures, alleviating the effects of the foreclosure crisis, law enforcement activities to prevent or prosecute financial fraud or deceptive practices, and compensation to the State for costs resulting from unlawful conduct of the defendants in the suit. Senate Bill 1160, as passed by the Senate on June 7, 2012, would create the Homeowner Protection Fund as a repository for the settlement funds and designate the departments and purposes for which the money could be spent. Appropriations from the Fund would be required before any money could be spent; this bill, House Bill 5015 (S-3), would make those appropriations.

The bill would increase FY 2011-12 Adjusted Gross State appropriations by \$88.8 million and State GF/GP appropriations by \$0.9 million. [Table 2](#) compares the Governor's pending supplemental recommendations to those proposed by the House and Senate.

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. 203. Establishes any unexpended or unencumbered appropriations financed by the Homeowner Protection Fund, as work projects.

Sec. 204. Requires the Departments of Attorney General, Education, Military and Veterans Affairs, Treasury, and the Michigan State Housing Development Authority (MSHDA) to report to the Legislature by December 31, 2012 and by July 1, 2013, on all expenditures from each program financed by the Homeowner Protection Fund.

Sec. 401. Requires the appropriation for foster care services in the Department of Human Services to be used to reinstate the specialized independent living services administrative rate to the FY 2010-11 level.

Sec. 502. Requires the Department of Military and Veterans Affairs to use the funds appropriated from the Homeowner Protection Fund to assist military service members who have been affected by the foreclosure crisis.

Sec. 551. Requires the Detroit/Wayne County Port Authority to repay the \$50,000 State grant when Wayne County and the City of Detroit make their 2012 payments to the Authority.

Sec. 601. Requires the Department of Treasury to use the appropriation for foreclosure rescue scam victim restitution for victims of foreclosure-related crimes, as approved by the Department of Attorney General.

Sec. 602. Allocates \$3,709,500 appropriated to MSHDA for the Michigan Housing and Community Development Program. The purpose of this program is to develop and coordinate public and private resources to meet the housing needs of low-income households and to finance projects located in a downtown area or an adjacent neighborhood; included among the projects that may be financed are acquisition of land and buildings, rehabilitation, new construction, and community development.

Sec. 603. Earmarks \$10,000,000 of the \$25,000,000 appropriation to MSHDA for blight elimination, for demolition projects in cities with a population over 500,000; earmarks the remaining \$15,000,000 for demolition projects in all counties of the State; requires MSHDA to work with the Director of the Department of Human Services to determine the project areas and to submit a report on the projects to the Legislature by September 1, 2012, and quarterly thereafter.

Sec. 604. Requires the appropriation to MSHDA for foreclosure counseling to be used for foreclosure counseling and legal aid services approved by the Department of Attorney General.

Sec. 607. Limits MSHDA's administrative costs to 5.0%.

Sec. 609. Sets parameters for MSHDA's Assistance to Homebuyers Program, including grant award limits of \$3,000 for nonservice members and \$5,000 for service members; defines homebuyer as a person who has not purchased or financed a principal residence in the past three years; defines a service member as an active or veteran member of the United States Armed Forces or National Guard; expresses legislative intent that disabled veterans be given preference for services.

Sec. 611. Sets parameters for MSHDA's Home Affordable Refinance Program (HARP); directs MSHDA to use grant criteria from the United States Departments of Treasury and Housing and Urban Development; requires grants to support single-family homes that are a principal residence and owner occupied; requires MSHDA to provide guidance to borrowers and lenders on the grant application process.

Date Completed: 7-18-12

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Table 2

House Bill 5015: FY 2011-12 Supplemental Recommendations

	<u>Governor's Rec.</u>		<u>House Rec. (H-1) Draft 1</u>		<u>Senate Rec. (S-3)</u>	
	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP
Attorney General						
Mortgage settlement: home protection unit	\$6,000,000	\$0	\$0	\$0	\$6,000,000	\$0
Mortgage settlement: foreclosure victim restitution	0	0	10,000,000	0	0	0
Total Attorney General.....	\$6,000,000	\$0	\$10,000,000	\$0	\$6,000,000	\$0
Community Health						
Fund source shift from Medicaid Benefits Trust to GF	0	10,000,000	0	0	0	10,000,000
Total Community Health	\$0	\$10,000,000	\$0	\$0	\$0	\$10,000,000
Education						
Mortgage settlement: achievement authority fund shift	0	(10,000,000)	0	0	0	(10,000,000)
Mortgage settlement: assistance for displaced students	12,500,000	0	0	0	0	0
Total Education	\$12,500,000	(\$10,000,000)	\$0	\$0	\$0	(\$10,000,000)
Human Services						
Specialized independent living services	0	0	0	0	877,600	175,500
Total Human Services.....	\$0	\$0	\$0	\$0	\$877,600	\$175,500
Licensing and Regulatory Affairs						
MIHealth marketplace	9,850,000	0	0	0	0	0
Total Licensing and Regulatory Affairs.....	\$9,850,000	\$0	\$0	\$0	\$0	\$0
Military and Veterans Affairs						
Mortgage settlement: assistance for service members	5,000,000	0	0	0	5,000,000	0
Total State Police	\$5,000,000	\$0	\$0	\$0	\$5,000,000	\$0
State Police						
Secondary road patrol revenue shortfall.....	0	0	0	0	600,000	600,000
Total State Police	\$0	\$0	\$0	\$0	\$600,000	\$600,000
Transportation						
Detroit Port Authority grant from Comp. Transport. Fund.....	0	0	0	0	50,000	0
Total Transportation	\$0	\$0	\$0	\$0	\$50,000	\$0
Treasury-Operations						
Mortgage settlement: foreclosure scam victim restitution.....	10,000,000	0	0	0	7,500,000	0
Mortgage settlement: assistance for displaced students	12,500,000	0	0	0	0	0
Grant to Escanaba for industrial park technology upgrade....	0	0	0	0	94,000	94,000
Total Treasury-Operations	\$22,500,000	\$0	\$0	\$0	\$7,594,000	\$94,000

House Bill 5015: FY 2011-12 Supplemental Recommendations						
	<u>Governor's Rec.</u>		<u>House Rec. (H-1) Draft 1</u>		<u>Senate Rec. (S-3)</u>	
	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP
Treasury-Strategic Fund						
Mortgage settlement: MSHDA home counseling/legal aid	20,000,000	0	20,000,000	0	15,000,000	0
Mortgage settlement: MSU Extension home counseling	0	0	0	0	5,000,000	0
Mortgage settlement: MSHDA blight elimination	11,509,500	0	17,209,500	0	25,000,000	0
Mortgage settlement: MSHDA housing/com. dev. fund.....	9,700,000	0	0	0	3,709,500	0
Mortgage settlement: MSHDA home refinance (HARP).....	0	0	10,000,000	0	5,000,000	0
Mortgage settlement: MSHDA homebuyer assistance	0	0	20,000,000	0	15,000,000	0
Mortgage settlement: MSHDA renovation assistance	0	0	20,000,000	0	0	0
Total Treasury-Strategic Fund	\$41,209,500	\$0	\$87,209,500	\$0	\$68,709,500	\$0
Total Supplemental Appropriations.....	\$97,059,500	\$0	\$97,209,500	\$0	\$88,831,100	\$869,500

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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.