



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

BILL



ANALYSIS

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

House Bill 5400 (Substitute S-1 as passed by the Senate)
Sponsor: Representative Chuck Moss
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 9-27-12

CONTENT

The bill would provide supplemental appropriations for fiscal year (FY) 2012-13 for six State budget areas. These supplemental appropriations include recommendations from the State Budget Office (SBO) of \$15.0 million for the Agricultural Loan Origination Program (request 2012-18), \$2.9 million to restore the vetoed Healthy Homes Program to the Governor's-recommended funding level (request 2013-1), \$17.6 million for the Special Equipment Fund in the Department of Corrections (request 2013-1), and the transfer of the \$148.0 million Michigan Rehabilitation Services Program from the Department of Licensing and Regulatory Affairs to the Department of Human Services pursuant to Executive Order 2012-10 (request 2013-2). The bill also includes a legislatively initiated appropriation of \$0.6 million from State Restricted revenue in the Department of Environmental Quality for the Aquifer Protection Dispute Resolution Program. Table 1 summarizes the Adjusted Gross and General Fund/General Purpose (GF/GP) appropriations for each budget area.

Table 1

FY 2012-13 Supplemental Appropriations		
Department/Budget Area	Adjusted Gross Appropriation	GF/GP Appropriation
Community Health	\$2,932,100	\$0
Corrections	17,600,000	0
Environmental Quality	600,000	0
Human Services	147,961,500	15,625,700
Licensing & Regulatory Affairs	(147,961,500)	(15,625,700)
Treasury	15,000,000	15,000,000
Total	\$36,132,100	\$15,000,000

FISCAL IMPACT

The bill would increase FY 2012-13 Adjusted Gross State appropriations by \$36.1 million and State GF/GP appropriations by \$15.0 million. This \$15.0 million GF/GP appropriation would reduce the FY 2012-13 projected GF/GP year-end balance to \$5.4 million. Table 2 compares the supplemental recommendations of the SBO and the House to those proposed in the Senate 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. 301. Requires the appropriations from the Special Equipment Fund in the Department of Corrections to be used to address priority facility security systems, including camera and recording systems, personal protection systems, electronic detection systems, and perimeter security devices; and requires the Department to submit quarterly reports to the House and Senate Appropriations Committee Chairs, the House and Senate Appropriations Subcommittees on Corrections Chairs, and the House and Senate Fiscal Agencies on all expenditures from the Special Equipment Fund.

Sec. 350. Requires the appropriation in the Department of Environmental Quality for surface water to be spent administering the Aquifer Protection and Dispute Resolution Program; and tie-bars the \$600,000 Aquifer Protection Revolving Fund appropriation in this bill (which would occur due to an appropriation of \$600,000 in surplus funds from the Community Pollution Prevention Fund) to the passage of Senate Bill 1008.

Sec. 401. Requires appropriations for the support of centers for independent living to be used in compliance with Federal rules and regulations, by existing centers in serving underserved areas, and for projects to build capacity to deliver services, and requires funds to be used in a manner consistent with the State plan.

Sec. 402. Requires the Michigan Commission for the Blind and Michigan Rehabilitation Services to work collaboratively with service organizations and government entities to identify qualified match dollars to maximize use of available Federal vocational rehabilitation funds.

Sec. 403. Expresses legislative intent that the funds appropriated for Michigan Rehabilitation Services (MRS) in this bill, and in future bills, not be spent unless MRS addresses the deficiencies detailed in its most recent Auditor General's report, and provides documentation on expenditures of appropriated funds.

Sec. 501. Establishes the \$15.0 million appropriation for the Agricultural Loan Origination Program in the Department of Treasury as a work project and allows carry forward of any unencumbered or unallotted funds; states that the purpose of the project is to provide financial assistance to the agricultural sector of Michigan's economy and to alleviate financial distress caused by crop damage and related economic impacts; and requires the project to be accomplished through the use of payments to qualified financial institutions for qualified agricultural loan origination fees for administrative costs incurred by financial institutions.

Enacting section 1. Repeals Sections 603, 604, and 611 included in the FY 2012-13 annual appropriation act for the Department of Licensing and Regulatory Affairs; Sections 604 and 611 are included in this bill in the Department of Human Services as Sections 401 and 402, respectively; Section 603, which caps the local match for vocational rehabilitation grants at 21.3%, is not reiterated in the bill.

Fiscal Analyst: Ellen Jeffries
Steve Angelotti

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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.

Table 2

**House Bill 5400:
FY 2012-13 Supplemental Recommendations**

Department/Budget Area	<u>State Budget Office Rec.</u>		<u>House-Passed</u>		<u>Senate Substitute (S-1)</u>	
	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP
Community Health						
Healthy Homes Program veto restoration.....	<u>\$2,932,100</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,932,100</u>	<u>\$0</u>
Total Community Health.....	\$2,932,100	\$0	\$0	\$0	\$2,932,100	\$0
Corrections						
Integrated camera/perimeter lighting systems.....	3,700,000	0	0	0	3,700,000	0
Integrated personal protection systems.....	11,400,000	0	0	0	11,400,000	0
Security cameras	<u>2,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,500,000</u>	<u>0</u>
Total Corrections	\$17,600,000	\$0	\$0	\$0	\$17,600,000	\$0
Environmental Quality						
Aquifer Protection/Dispute Resolution Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>0</u>
Total Environmental Quality	\$0	\$0	\$0	\$0	\$600,000	\$0
Human Services						
Michigan Rehabilitation Services.....	<u>147,961,500</u>	<u>15,625,700</u>	<u>0</u>	<u>0</u>	<u>147,961,500</u>	<u>15,625,700</u>
Total Human Services	\$147,961,500	\$15,625,700	\$0	\$0	\$147,961,500	\$15,625,700
Licensing and Regulatory Affairs						
Michigan Rehabilitation Services.....	<u>(147,961,500)</u>	<u>(15,625,700)</u>	<u>0</u>	<u>0</u>	<u>(147,961,500)</u>	<u>(15,625,700)</u>
Total Licensing and Regulatory Affairs	(\$147,961,500)	(\$15,625,700)	\$0	\$0	(\$147,961,500)	(\$15,625,700)
Treasury-Operations						
Agricultural disaster loan origination program	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
Total Treasury-Operations	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Total Supplemental Appropriations	\$35,532,100	\$15,000,000	\$15,000,000	\$15,000,000	\$36,132,600	\$15,000,000