

**FY 2007-08 INTERIM BUDGET**  
**Summary: House Floor Substitute**  
**Senate Bill 772 (H-2)**



Director: Mitchell E. Bean

**OVERVIEW**

Senate Bill 772 (H-2) contains a one-month interim state budget for FY 2007-08. The bill contains a total Gross appropriation of \$2.75 billion and a total GF/GP appropriation of \$977.4 million. For the most budget areas, the bill contains a single generic appropriation for "Operation, grants, and services." Additional appropriations are made for the community college and state university funding delay repayments, individual legislative agencies, State Building Authority rent, debt service payments, and Revenue Sharing.

The table below summarizes appropriation amounts by funding source for each budget area. Amounts are generally equal to 1/12 of FY 2006-07 appropriation amounts for each budget area. The amounts for Community Colleges and Higher Education are based on the standard 11-month payment schedule for colleges and universities, plus the repayment of the delayed FY 2006-07 August payment. The amount for Revenue Sharing is equal to the first estimated bimonthly payment to local units of government (1/6 of the total).

The appropriations in the bill would be valid only for the period of October 1 to October 31, 2007. The bill directs that expenditures be predicated on the activities, programs, or projects for which appropriations were authorized in FY 2006-07. Boilerplate language included in the bill provides for the termination of the interim appropriations upon enactment of full-year appropriations acts for FY 2007-08.

A summary of boilerplate sections deemed to be essential for continuing operations and, therefore, included in the bill is provided below. The bill also contains two tie-bars. In order for the bill to take effect, the following would have to occur:

(1) House Bill 5194, which would amend the Income Tax Act, would have to be enacted into law AND

(2) House Bill 5198, which would amend the Use Tax Act, would have to be enacted into law OR all of the following bills would have to be enacted into law: House Bills 5252, 5253, 5254, 5255, and 5256—all of which, as passed by the House, eliminate certain state tax expenditures. (If House Bill 5198 were enacted, House Bills 5252-5256 would not have to be enacted, and vice versa.)

**FY 2007-08 Appropriations: Senate Bill 772 (H-2)**

Budget Area	Gross	IDG/IDT	Federal	Local	Private	Restricted	GF/GP
Agriculture	\$9,186,000	\$864,000	\$1,961,900	\$0	\$15,300	\$3,983,600	\$2,361,200
Attorney General	5,428,900	1,128,300	830,100	0	0	931,300	2,539,200
Capital Outlay	18,297,700	166,700	12,602,500	1,054,000	0	4,474,500	0
Civil Rights	1,154,400	18,400	127,800	0	0	4,600	1,003,600
Community Colleges	52,112,500	0	0	0	0	0	52,112,500
Community Health	950,371,000	2,997,300	511,378,700	20,062,100	5,398,100	148,424,000	262,110,800
Corrections	162,801,900	103,200	952,600	35,100	0	5,648,700	156,062,300
Education	7,804,700	0	5,852,900	497,900	242,900	640,300	570,700
Environmental Quality	35,222,400	1,513,000	11,473,600	0	37,500	19,632,700	2,565,600
Executive Office	439,400	0	0	0	0	0	439,400
Higher Education	298,691,300	0	272,700	0	0	14,518,100	283,900,500
History Arts & Libraries	4,192,400	6,600	698,700	0	48,100	215,000	3,224,000
Human Services	375,023,900	366,900	258,065,400	5,177,500	842,900	4,934,800	105,636,400
Information Technology	31,237,200	31,237,200	0	0	0	0	0
Judiciary	21,527,300	213,600	510,500	368,800	70,200	7,322,300	13,041,900
Labor & Econ. Growth	105,153,100	1,920,000	67,498,400	1,316,200	192,800	30,452,200	3,773,500
Legislature	9,273,600	0	0	0	33,300	92,500	9,147,800
Legis. Auditor General	1,258,900	150,100	0	0	0	128,300	980,500
Management & Budget	60,118,600	13,336,600	372,000	141,700	12,500	5,294,800	40,961,000
Michigan Strategic Fund	7,152,200	6,600	4,632,100	58,300	0	400	2,454,800
Military & Vets. Affairs	10,313,500	138,700	4,442,300	104,400	120,100	2,233,000	3,275,000
Natural Resources	23,602,500	301,600	3,547,900	0	260,400	17,468,500	2,024,100
State	16,565,300	1,666,700	266,000	0	100	13,152,700	1,479,800
State Police	47,206,800	2,154,600	14,111,800	705,100	40,000	9,929,800	20,265,500
Transportation	283,774,700	0	92,913,600	3,958,300	0	186,902,800	0
Treasury	213,474,200	1,115,600	2,960,200	87,100	0	201,882,500	7,428,800
<b>TOTAL</b>	<b>\$2,751,384,400</b>	<b>\$59,405,700</b>	<b>\$995,471,700</b>	<b>\$33,566,500</b>	<b>\$7,314,200</b>	<b>\$678,267,400</b>	<b>\$977,358,900</b>

## FY 2007-08 Boilerplate Sections: Senate Bill 772 (H-2)

### General

Sec. 201. Terminates interim appropriations upon enactment of full-year FY 2007-08 appropriations acts.

Sec. 203. Creates special committees of House/Senate to advise State Budget Director regarding budget allotments.

### Civil Rights

Sec. 350. Authorizes the department to receive and expend funding from local or private sources for training and information dissemination purposes and requires a report on the amount of funding received and expended.

### Community Health

Sec. 375. Directs counties required under provisions of the Mental Health Code to provide matching funds to CMHSP for mental health services rendered.

Sec. 376. Allows the department to establish and collect a reasonable charge of making customized listings of nonconfidential information in its possession, such as names and addresses of licensees, available to interested parties.

Sec. 377. Funding penalty in case of dissolution of multi-county local health department.

Sec. 378. Local public health operations funding allocations.

Sec. 379. Authorization for imposition and expenditure of fees by area agencies on aging for certain services.

Sec. 380. Requires Medicaid payment rate to be accepted as payment in full, including payments from other third-party sources. Hospital Services payments for persons dually eligible for Medicare and Medicaid are to include capital payments in determining Medicaid reimbursement amount.

Sec. 381. Establishes the pharmacy dispensing fee at \$2.50 (\$2.75 for nursing home pharmacies) or the pharmacy's usual and customary charge, whichever is less. Specifies prescription copayments for Medicaid recipients of \$1.00 for a generic drug and \$3.00 for a brand-name drug except as prohibited by federal or state law or regulation. Requires availability of a voluntary mail order pharmacy program.

Sec. 382. Authorizes department to secure manufacturer drug rebates for participants in MICHild, MOMS, State Medical, Children's Special Health Care Services, and Adult Benefit Waiver programs that are equivalent to Medicaid rebates, and allows for preauthorization of drugs if rebates are not provided.

Sec. 383. Continues podiatric, adult dental and chiropractic services at not less than the level in effect on October 1, 2002. Prohibits restrictions on chiropractic services unless the recipient exceeds 18 visits within a year. Authorizes department to implement bulk order purchasing of hearing aids, imposes limits on binaural hearing aid benefits and limits replacement of hearing aids to once every three years.

Sec. 384. Requires institutional providers to submit their cost reports within five months of the end of the fiscal year.

Sec. 385. Requires Medicaid nursing home payment rates to be set 30 days in advance of the facility's fiscal year and to be based on the most recent cost report submitted.

Sec. 386. Allows department to utilize school district funds received from a health system as state match for federal Medicaid or children's health insurance program funds to be used for new school-based or school-linked services.

Sec. 387. Specifies that funds appropriated in Part 1 for Forensic Mental Health Services provided to the Department of Corrections are in accordance with the interdepartmental plan developed in accordance with the Department of Community Health.

### Corrections

Sec. 400. Maintains authority for the department to collect various reimbursements to cover associated expenses.

Sec. 406. Maintains county jail reimbursement program under criteria and reimbursement rates in effect in FY 2006-07.

### Education

Sec. 425. Requires department to allocate \$225,000 of the federal drug-free grant to the department's safe school program.

Sec. 427. Requires department to assess the intermediate school district of residence for 100% of the instructional costs for students at the Michigan Schools for the Deaf and Blind.

Sec. 429. Allows department to collect and spend funds from the lease of excess property at the Michigan Schools for the Deaf and Blind.

### **Environmental Quality**

Sec. 450. Re-appropriates unspent amounts from earlier appropriations for environmental cleanup and redevelopment program and leaking underground storage tank program for cleanup and redevelopment fund, bottle deposits fund, and Clean Michigan Initiative bond response activities fund to clean up any legislatively-approved cleanup site.

### **History, Arts and Libraries.**

Sec. 500. Allows the department to receive and expend fee revenue from reproduction and storage services, conferences, training, supplying census information, and rental of exhibits and collections; allows funds to be carried over for expenditure in subsequent fiscal years.

Sec. 516. Creates a History, Arts and Libraries fund and allows receipt and expenditure in part 1 and allows funds to be carried forward.

Sec. 520. Allows various historical related funds under 1913 PA 271 to be appropriated to the department and allocated for expenditure and allowed to be carried forward.

### **Human Services**

Sec. 550. Requires DHS to provide 50% reimbursement to Indian tribal governments for foster care expenditures for children under the jurisdiction of tribal courts and not eligible for federal fund sharing.

Sec. 552. Establishes matching requirements for agencies receiving teenage parent counseling funds.

Sec. 554. Requires DHS to make claims for and pay local units of government a portion of federal Title IV-E revenues earned as a result of eligible costs incurred by local units.

Sec. 556. Imposes a charge-back on counties for 50% of the costs of alternative regional detention services in certain circumstances.

Sec. 558. Allocates funds from federal child support incentive payment revenue between the State and counties.

Sec. 560. Authorizes DHS to assess fees in licensing and regulation of child care and adult foster care facilities, and to use the fees solely for licensing and regulation purposes.

### **Information Technology**

Sec. 575. Directs the appropriation for the Michigan Public Safety Communications System to be expended only after approval of an expenditure plan by the state budget director; assess fees on MPSCS subscribers; and directs fee revenue to be expended on maintenance of the MPSCS.

### **Judiciary**

Sec. 580. Directs SCAO to recover cost for services to local trial courts under direct trial court automation support program.

### **Labor and Economic Growth**

Sec. 600. Requires funds collected by Office of Financial and Insurance Services in conservatorship of failed banks to be used only for conservatorship.

Sec. 602. Requires funds collected by Office of Financial and Insurance Services in liquidation of failed insurance companies to be used only for liquidation.

Sec. 604. Allows department to sell non-confidential lists of its licensees and provides a fee schedule.

Sec. 606. Provides fee schedule for state fire safety inspections of hospitals and schools.

Sec. 608. Defines documents the department may sell, such as construction code manuals, and restricts selling price to the cost of production and distribution.

Sec. 610. Prescribes use of the appropriation for the Land Bank Fast Track Authority, which includes the acquisition, management and maintenance of tax reverted property to be re-sold to the private sector.

Sec. 612. Appropriates fees from the sale of the Michigan Administrative Code to cover the cost of its publication and distribution.

Sec. 614. Permits carryover into the next fiscal year of unexpended federal pass-through funds to local governments and institutions that are not subject to dollar matching requirements.

### **Management and Budget**

Sec. 625. Authorizes the department to receive and expend funding for maintenance, operation, real estate, architectural design, engineering, mail pick-up and delivery, and purchasing services provided to other state departments, the Legislative branch, and the Judicial branch.

Sec. 627. Authorizes the department to receive and expend funding for child care information and referral services, professional development, and severance pay and authorizes the department to receive and expend funding for staff support associated with the administration of such services.

#### **Management and Budget: Civil Service**

Sec. 635. Requires all restricted funds to be assessed a sum not less than 1% of the total aggregate payroll paid from those funds for financing Civil Service operations and authorizes adjustment of funding sources based on actual payroll expenditures.

Sec. 637. Describes fund sourcing for the flexible spending account program, authorizes unspent employee contributions to be used to offset administrative costs, and requires the unspent balance to lapse to the general fund.

#### **Management and Budget: State Building Authority**

Sec. 645. Authorizes advances from the general fund prior to the sale of bonds.

Sec. 650. Requires facility revenue in excess of operational costs to be credited to the retirement of bonds.

Sec. 660. Authorizes appropriations to be used to pay insurance premiums and deductibles and appropriates general fund to cover any shortages.

#### **Military and Veterans Affairs**

Sec. 675. Allows department to charge a reasonable fee for rental of an armory.

#### **Natural Resources**

Sec. 700. Allows collecting application and transaction fees for exchange or sale of state-owned land.

#### **State**

Sec. 725. Appropriates funds received under Section 3171 of the Insurance Code of 1956 (assigned claims facility).

Sec. 730. Requires the department to sell copies of various records and directs revenue to the Transportation Administration Collection Fund.

Sec. 735. Permits the department to restrict funds from miscellaneous revenue to cover cash shortages created from normal branch operations, up to \$50,000.

Sec. 740. Directs revenue from commemorative and specialty license plates to the Transportation Administration Collection Fund and permits the department to expend fee revenue to administer the commemorative and specialty license plate programs.

Sec. 745. Appropriates revenue collected from services charges on customers using credit or debit card for related departmental expenses.

#### **State Police**

Sec. 750. Authorizes state director of emergency management to expend appropriations to mobilize resources or provide for health or safety of any area of the state in which the Governor declares a state of emergency or disaster; allows receipt of local, private, federal, or state resources to fund emergency management activities.

Sec. 751. Provides that funds appropriated for computer services be from LEIN user fees at 1/3 of system costs.

#### **Strategic Fund**

Sec. 775. Permits Travel Michigan to establish and collect fees to cover the cost of materials and processing photographs, slides, videos, and other media.

Sec. 780. Permits Travel Michigan to receive and expend revenue related to the use the copyrighted slogans "Michigan Great Lakes, Great Times," and "Pure Michigan."

#### **Transportation**

Sec. 800. Provides for the reimbursement by the State Aeronautics Fund of Aeronautics-related debt service payments made by the Comprehensive Transportation Fund.

#### **Treasury**

Sec. 825. Appropriates funds for interest, fees, principal, arbitrage rebates, and costs associated with debt services on notes and bonds; appropriates a sufficient amount to pay interest on interfund borrowing.

Sec. 826. Authorizes the department to contract with private collection agencies and law firms to collect taxes and other accounts due to the state and defaulted student loans and other accounts due to the Michigan Guaranty Agency.

Sec. 827. Appropriates funds to pay expenditures for financial services provided by financial institutions through restricting revenue from common cash interest earnings and investment earnings.

Sec. 828. Requires a \$6 fee when a writ of garnishment is served on the state treasurer and a \$5 fee on each writ of garnishment for individual income tax refunds or credits filed by magnetic media.

Sec. 829. Appropriates funds to contract with private auditing firms to audit for and collect unclaimed property due to the state.

Sec. 830. Authorizes the department to provide receipt, warrant, and cash processing, data, collection, investment, fiscal agent, levy and warrant cost assessment, writ of garnishment, and other services on a contractual basis with other departments.

Sec. 831. Authorizes the department to expend funds received under the Michigan Education Trust Act.

Sec. 832. Authorizes the department to expend funds received under the Hospital Finance Authority Act.

Sec. 833. Authorizes the department to expend funds received under the Shared Credit Rating Act.

Sec. 834. Authorizes the department to expend funds received under the Higher Education Facilities Authority Act.

Sec. 835. Authorizes the department to expend funds received under the Michigan Public Educational Facilities Authority.

Sec. 836. Appropriates funds from lottery revenue to implement and operate lottery games, including vendor commissions, contractually mandated payments for instant tickets intended for resale, contractual costs of providing and maintaining the on-line communications network; appropriates incentive and bonus payments to lottery retailers.

Sec. 837. Appropriates funds for oversight of casino gaming activities.

Sec. 838. Authorizes funds in part 1 to be used to assist local revenue sharing boards; authorizes county treasurers to receive and administer funds received on behalf of local revenue sharing boards.

#### **Revenue Statement**

Sec. 850. Provides estimates of fund balances and revenue amounts for FY 2007-08.

#### **Enacting Sections**

See final paragraph in Overview section on page 1.