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Senate Bill 772 (Substitute S-1 as passed by the Senate)  
Sponsor: Senator Ron Jelinek  
Committee: Appropriations

Date Completed: 9-18-07

### **CONTENT**

The potential exists that the annual appropriation bills for fiscal year (FY) 2007-08 will not be signed into law by the Governor by October 1, 2007. Absent enacted appropriation bills, the State will have no ability to fund any programs or to pay for any expenses incurred after October 1, 2007. The option of providing for temporary or interim appropriations would eliminate this potential disruption in State governmental programs and services. Senate Bill 772 (S-1) provides for interim appropriations for the month of October 2007. The bill proposes appropriations for the period October 1, 2007, through October 31, 2007, for all State departments and agencies, the legislative branch, the judicial branch, universities, community colleges, and capital outlay programs.

### **FISCAL IMPACT**

The bill provides for Gross appropriations of \$2.8 billion, of which \$977.4 million are funded with General Fund/General Purpose (GF/GP) appropriations. The bill also includes the appropriation authorization for 180.5 unclassified positions, 509.0 exempted positions, and 56,264.3 full-time equated classified positions. The funding levels assumed in the bill, with several exceptions, are for 1/12<sup>th</sup> (8.3%) of the FY 2006-07 year-to-date level of appropriations. There is a single line-item appropriation, with several exceptions, for most departments. The bill also contains language that instructs the Executive branch to distribute the line-item appropriation for each department based on the policies, procedures, and conditions during FY 2006-07. The final items in the bill are numerous boilerplate language sections which are necessary to ensure that departmental operations continue during October 2007 at the same level as in the 2006-07 fiscal year.

### **Departmental Line-Item Appropriations**

The appropriations for the Departments of Agriculture, Attorney General, Civil Rights, Community Health, Corrections, Education, Environmental Quality, History, Arts and Libraries, Human Services, Information Technology, Labor and Economic Growth, Military and Veterans Affairs, Natural Resources, State, and State Police, the Executive Office, and the Michigan Strategic Fund represent an appropriation equal to 1/12<sup>th</sup> (8.3%) of the FY 2006-07 year-to-date level of appropriations. The appropriations for the Legislature, the Legislative Auditor General, and the Judicial branch also represent an appropriation equal to 1/12<sup>th</sup> (8.3%) of the FY 2006-07 year-to-date level of appropriations. The appropriations for the Departments of Management and Budget, Treasury, and Transportation also include a specific appropriation line item for debt service payments on outstanding bonds. The appropriations in these Departments for debt service payments are equal to the projected level of debt service payments due in October 2007.

The appropriations for community colleges and universities are equal to the projected State appropriations that the institutions would receive in October 2007 based on the payment schedules currently in law. In addition, the bill contains line-item appropriations for the payment of funding that was delayed to help balance the FY 2006-07 State budget. The level of appropriations for the payment of the delayed FY 2006-07 funding equals \$25.8 million for community colleges and \$138.7 million for universities. Table 1 summaries the Gross and GF/GP appropriations included in the bill.

**Table 1**

<b>FY 2007-08 Gross and GF/GP Appropriations</b>		
<b>Department/Budget Area</b>	<b>Gross Appropriation</b>	<b>GF/GP Appropriation</b>
Agriculture .....	\$9,186,000	\$2,361,200
Attorney General .....	5,428,900	2,539,200
Capital Outlay .....	18,297,700	0
Civil Rights .....	1,154,400	1,003,600
Community Colleges .....	52,112,500	52,112,500
Community Health .....	950,371,000	262,110,800
Corrections .....	162,801,900	156,062,300
Education .....	7,804,700	570,700
Environmental Quality .....	35,222,400	2,565,600
Executive Office .....	439,400	439,400
Higher Education .....	298,691,300	283,900,500
History, Arts, and Libraries .....	4,192,400	3,224,000
Human Services .....	375,023,900	105,636,400
Information Technology .....	31,237,200	0
Judiciary .....	21,527,300	13,041,900
Labor and Economic Growth .....	105,153,100	3,773,500
Legislature .....	9,273,600	9,147,800
Legislative Auditor General .....	1,258,900	980,500
Management and Budget .....	60,118,600	40,961,000
Michigan Strategic Fund .....	7,152,200	2,454,800
Military and Veterans Affairs .....	10,313,500	3,275,000
Natural Resources .....	23,602,500	2,024,100
State .....	16,565,300	1,479,800
State Police .....	47,206,800	20,265,500
Transportation .....	283,774,700	0
Treasury .....	213,474,200	7,428,800
<b>Total .....</b>	<b>\$2,751,384,400</b>	<b>\$977,358,900</b>

**Boilerplate Language**

Language in the following sections is described below.

**Sec. 201.** Provides for the suspension of the one-month interim appropriations as soon as the annual appropriations are enacted into law.

**Sec. 203.** Creates a special joint legislative committee to advise the State budget director on the 30-day budget.

**Sec. 350.** Provides for the Department of Civil Rights to receive and spend funds from local and private sources above the level appropriated in the bill.

**Sec. 375.** Provides for payments by Community Mental Health boards for the provision of mental health services in their jurisdictions.

**Sec. 376.** Allows the Department of Community Health to charge for the distribution of certain information.

**Sec. 377.** Provides for the assessment of a penalty if a county ceases to participate in a district health department.

**Sec. 378.** Provides for the allocation of State funds to local public health departments and defines statutory required services to be provided.

**Sec. 379.** Authorizes area agencies on aging to receive and spend fees.

**Sec. 380.** Provides for payments to Medicaid providers and describes Federal conditions on these payments.

**Sec 381.** Establishes Medicaid pharmacy dispensing fees and co-payment requirements.

**Sec. 382.** Describes departmental policy regarding the collection of supplemental rebates from pharmaceutical manufacturers.

**Sec. 383.** Describes co-payments in the Medicaid program.

**Sec. 384.** Describes requirements for cost reports for certain Medicaid providers.

**Sec. 385.** Describes policies for establishing Medicaid nursing home rates.

**Sec. 386.** Describes Medicaid school-based services payments.

**Sec. 387.** Describes the interdepartmental grant received from the Department of Corrections for prison mental health services.

**Sec. 400.** Allows the Department of Corrections to charge and collect fees for certain purposes.

**Sec. 401.** Allows the Department of Corrections to administer a county jail reimbursement program.

**Sec. 425.** Allows the Department of Education to allocate a portion of the Federal drug-free grant to the safe school program.

**Sec. 427.** Allows the Department of Education to assess certain costs to local school districts for students enrolled at the Michigan Schools for the Blind and Deaf.

**Sec. 429.** Allows the Department of Education to lease excess space at the Michigan Schools for the Blind and Deaf to private or publicly funded organizations.

**Sec. 450.** Allows the Department of Environmental Quality to spend funds appropriated in a prior fiscal year for environmental cleanup projects.

**Sec. 500.** Allows the Department of History, Arts, and Libraries to receive and spend funds it receives from providing services to other governmental units or patrons of its facilities.

**Sec. 516.** Establishes a fund in the Department of History, Arts, and Libraries to receive and spend certain funds received for services provided.

**Sec. 520.** Provides for the appropriation and carry-forward of certain funds collected by the Department of History, Arts, and Libraries.

**Sec. 550.** Provides for the Department of Human Services to reimburse to tribal governments for foster care services provided.

**Sec. 552.** Provides for the Department of Human Services to assess matching funds for agencies receiving teenage parent counseling funding.

**Sec. 554.** Authorizes the Department of Human Services to pay local units of government a portion of Federal foster care funds received.

**Sec. 556.** Allows the Department of Human Services to charge back to counties 50.0% of regional detention services expenditures.

**Sec. 558.** Provides for the distribution of Federal child support payments received by the Department of Human Services.

**Sec. 560.** Provides for the assessment of fees for the licensing of child care and adult foster care facilities by the Department of Human Services.

**Sec. 575.** Allows the assessment of fees by the Department of Information Technology for the use of the Michigan public safety communications system.

**Sec. 580.** Deals with the direct trial court automation project in the Judiciary.

**Sec. 600.** Allows the Department of Labor and Economic Growth to spend funds collected in connection with the conservatorship of a financial institution.

**Sec. 602.** Allows the Department of Labor and Economic Growth to spend funds received from the liquidation of the corporation.

**Sec. 604.** Provides the Department of Labor and Economic Growth with a fee structure for the distribution of certain materials.

**Sec. 606.** Provides the Department of Labor and Economic Growth with a fee structure for fire inspections.

**Sec. 608.** Provides the Department of Labor and Economic Growth with a fee structure for certain departmental publications.

**Sec. 610.** Authorizes the Department of Labor and Economic Growth to spend funds received from the Land Bank Fast Track Authority.

**Sec. 612.** Authorizes the Department of Labor and Economic Growth to spend funds received from the distribution of the Michigan Administrative Code.

**Sec. 614.** Enables the Department of Labor and Economic Growth to pass through certain Federal funds to local government.

**Sec. 625.** Enables the Department of Management and Budget to spend revenue received for building maintenance and building services activities.

**Sec. 627.** Provides for the Department of Management and Budget to spend certain funds on joint labor and management activities.

**Sec. 635.** Provides for the Department of Management and Budget to assess certain charges to be used for the financing of civil service functions.

**Sec. 637.** Provides for the payment of certain costs associated with civil service functions.

**Sec. 645.** Allows the Department of Management and Budget to take cash advances from the General Fund to be used for the short-term financing of construction projects financed by the State Building Authority.

**Sec. 650.** Requires facility revenue in excess of operational cost to be used for the retirement of bonds issued by the State Building Authority.

**Sec. 660.** Requires that a portion of the appropriations for State Building Authority bond payments be used for the payment of insurance premiums on buildings.

**Sec. 675.** Allows the Department of Military and Veterans Affairs to charge fees for certain services provided and the use of armories.

**Sec. 700.** Authorizes the Department of Natural Resources to levy fees associated with the costs of selling surplus State land.

**Sec. 725.** Provides the Department of State with the authority to spend for administration of assigned claims pursuant to the Insurance Code.

**Sec. 730.** Provides for the Department of State to charge \$7 for each record sold for looking up information in the possession of the Department.

**Sec. 735.** Provides the Department of State with authorization to spend funds to cover cash shortages created in the normal operation of branch offices.

**Sec. 740.** Authorizes the Department of State to distribute funds collected from the sale of specialty license plates.

**Sec. 745.** Authorizes the Department of State to spend funds collected as a result of purchases paid for by a credit or debit card.

**Sec. 750.** Provides the Department of State Police with the authority to spend funds for emergency purposes.

**Sec. 751.** Authorizes the Department of State Police to spend users fees involving its data base.

**Sec. 775.** Allows the Strategic Fund Agency to collect fees for travel products provided to the media.

**Sec. 780.** Allows the Strategic Fund Agency to collect and spend royalties associated with Michigan travel promotions.

**Sec. 800.** Provides the Department of Transportation with authorization to make debt service payments in the Comprehensive Transportation Fund.

**Sec. 825.** Allows the Department of Treasury to make debt service payments on State-issued bonds and on short-term cashflow borrowing.

**Sec. 826.** Allows the Department of Treasury to contract with private firms to assist in the collection of delinquent State taxes.

**Sec. 827.** Allows the Department of Treasury to make payments to financial institutions for services provided.

**Sec. 828.** Allows the Department of Treasury to collect fees from actions regarding the garnishment of wages.

**Sec. 829.** Allows the Department of Treasury to contract with private firms for the audit of unclaimed property.

**Sec. 830.** Allows the Department of Treasury to charge other State departments for services provided.

**Sec. 831.** Allows the Department of Treasury to spend funds for the operation of the Michigan Education Trust.

**Sec. 832.** Allows the Department of Treasury to spend funds for the operation of the Hospital Finance Authority.

**Sec. 833.** Allows the Department of Treasury to spend funds received under the Shared Credit Rating Act.

**Sec. 834.** Allows the Department of Treasury to spend funds on the Michigan Higher Education Facilities Authority.

**Sec. 835.** Allows the Department of Treasury to spend funds on the Michigan Public Education Facilities Authority.

**Sec. 836.** Allows the expenditure of funds for the operation of the Michigan Lottery.

**Sec. 837.** Allows the expenditure of funds by the Michigan Gaming Control Board.

**Sec. 838.** Allows the Department of Treasury to provide assistance to a local revenue sharing board created under the Indian Gaming Regulatory Act.

**Sec. 850.** Provides for an estimate of State revenue pursuant to Section 18 of Article V of the State Constitution.

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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.