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BILL ANALYSIS

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House Bill 4493 (Substitute S-1, Draft 2)
Sponsor: Representative George Cushingberry
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 6-20-07

CONTENT

House Bill 4493 (S-1) provides for supplemental appropriations for FY 2006-07. The bill contains positive General Fund/General Purpose (GF/GP) supplemental appropriations to address projected funding shortfalls in the Departments of Community Health, Corrections, and Human Services. The bill provides for the appropriation of numerous Federal, State Restricted, and local and private funding sources that have become available since the beginning of the fiscal year. The final major component of the bill is the appropriation of a variety of Federal and State Restricted funding sources for Capital Outlay projects across the State. Gross appropriations in the bill total \$533.3 million and GF/GP appropriations total \$73.9 million. Following is a brief summary of the major appropriations contained in House Bill 4493 (S-1). Table 1 provides a department-by-department summary of the line-item appropriations contained in the bill. Table 2 provides a summary of the boilerplate language contained in the bill.

Capital Outlay: The bill includes the initial fiscal year funding for numerous State Restricted and Federal fund appropriations for Capital Outlay projects across the State. Most of these appropriations have been pending since the Governor vetoed the FY 2006-07 Capital Outlay appropriation bill approved by the Legislature in December 2006. These Capital Outlay projects total \$96.4 million funded with \$12.5 million of Federal funds and \$81.9 million of State Restricted funds. The bill includes Department of Agriculture funding for the purchase of farmland and open space development rights; special maintenance funding for State buildings in the Department of Management and Budget; special maintenance funding in the Department of Military and Veterans Affairs; airport improvement and special maintenance projects in the Department of Transportation (2007 PA 3 included a majority of the FY 2006-07 airport funding); and State park and forest road improvement funding, wildlife habitat funding, waterways boating access projects and access improvements, and Natural Resources Trust Fund projects in the Department of Natural Resources.

Community Health: The bill includes \$142.7 million of GF/GP funding to close projected funding shortfalls in the budget. These funding shortfalls include caseload adjustments and adjustments related to the overappropriation of Federal and State Restricted funds. The bill also includes \$3.8 million of GF/GP funding to provide for the salary increases for mental health direct care workers. Increased GF/GP funding of \$7.7 million is included for the home and community-based waiver program designed for in-home services to people at risk for nursing home placement. This \$7.7 million GF/GP funding increase is offset by an identical reduction in nursing home funding. The final GF/GP funding item in Community Health is a restoration of the reductions in funding for nursing homes and hospitals included in Public Act 17 of 2007. This item results in a \$6.5 million GF/GP funding increase.

Corrections: The bill includes \$42.4 million of GF/GP funding to address projected funding shortfalls in the operations of the State's prisons and the health care costs for inmates.

Higher Education: The bill includes a \$90.0 million GF/GP fund source shift in financial aid programs. This fund source shift replaces GF/GP funding with Merit Award Trust Fund revenue. The additional Merit Award Trust Fund revenue is a result of a transfer of \$90.0 million of surplus revenue in the Higher Education Student Loan Authority.

Human Services: The bill includes \$33.5 million of GF/GP funding to close projected funding shortfalls in the budget. These funding shortfalls include caseload adjustments and other adjustments related to fund source issues.

Management and Budget: The bill includes a \$15.2 million GF/GP funding increase for debt service payments on State Building Authority bonds. This GF/GP funding increase is used to offset \$15.2 million of debt service payments that were made to reimburse the Federal government for funds owed by the State as a result of a transfer of funds from the health advance funding account in the State Employees Retirement System. This transfer was a component of Executive Order 2007-3.

State Police: The bill includes the appropriation of \$4.0 million of State Restricted funding for the Auto Theft Prevention Program. This funding restores a reduction included in Executive Order 2007-3.

Treasury: The bill includes a \$70.0 million GF/GP fund source shift in debt service payments on General Obligation bonds supporting environmental cleanup programs. The fund source shift replaces GF/GP funding with Environmental Protection Fund revenue. The additional Environmental Protection Fund revenue is a result of a transfer of \$70.0 million of surplus revenue in the Refined Petroleum Fund.

FISCAL IMPACT

House Bill 4493 (S-1) provides for supplemental appropriations for FY 2006-07. Gross appropriations in the bill total \$533.3 million and GF/GP appropriations total \$73.9 million.

Fiscal Analyst: Gary S. Olson

Table 1
House Bill 4493: FY 2006-07 Supplemental Appropriations
Line-Item Appropriation Summary (thousands of dollars)

Department/Program	House-Passed Bill		Senate Substitute	
	Gross	GF/GP	Gross	GF/GP
Capital Outlay				
Military Affairs Maintenance Projects	\$6,763.0	\$0.0	\$6,763.0	\$0.0
North Lansing Complex Renovations	300.0	0.0	300.0	0.0
Agriculture (Farmland and Open Space Development Acquisition)	0.0	0.0	3,750.0	0.0
Management and Budget Special Maintenance Projects	0.0	0.0	2,000.0	0.0
Natural Resources (State Park Maintenance)	0.0	0.0	2,000.0	0.0
Natural Resources (Forest Roads, Bridges and Facilities)	0.0	0.0	1,400.0	0.0
Natural Resources (Wildlife Wetlands Acquisitions)	0.0	0.0	2,000.0	0.0
Natural Resources (Waterways Projects)	0.0	0.0	14,870.0	0.0
Natural Resources (Trust Fund Projects)	0.0	0.0	36,148.1	0.0
Transportation (Departmental Maintenance Projects)	0.0	0.0	22,050.3	0.0
Transportation (Airport Safety, Protection and Improvements)	0.0	0.0	5,143.4	0.0
Wayne County Community College (SBA Planning Authorization)	0.1	0.1	0.0	0.0
Ferris State University (SBA Planning Authorization)	0.1	0.1	0.0	0.0
Subtotal Capital Outlay	\$7,063.2	\$0.2	\$96,424.8	\$0.0
Civil Rights				
Operations	276.0	0.0	276.0	0.0
Subtotal Civil Rights	\$276.0	\$0.0	\$276.0	\$0.0
Community Health				
Middle School Health Program	700.0	0.0	700.0	0.0
Vital Records System Enhancements	2,500.0	0.0	2,500.0	0.0
Credentialing Database for Health Care Providers	3,100.0	0.0	3,100.0	0.0
Women, Infants and Children Nutrition Program	3,313.0	0.0	10,713.0	0.0
Crime Victims Rights Revenue to State Police	1,033.2	0.0	1,033.2	0.0
Hospital QAAP Adjustment	23,400.0	0.0	23,400.0	0.0
Community Mental Health Wage Pass-Through Funding	0.0	0.0	7,300.0	3,806.7
Medicaid Funding Shortfalls	0.0	0.0	243,177.7	132,403.8
Hospital & Nursing Home QAAP Restoration (Restores Cuts in PA 17 of 2007)	7,404.1	3,229.7	14,808.4	6,459.4
Morris Hood Diabetes Outreach Program (Restoration)	100.0	100.0	0.0	0.0
Home and Community-Based Waiver Expansion	0.0	0.0	17,644.3	7,689.4
Nursing Home Funding Adjustment	0.0	0.0	(17,644.3)	(7,689.4)
Subtotal Community Health	\$41,550.3	\$3,329.7	\$306,732.3	\$142,669.9

Department/Program	House-Passed Bill		Senate Substitute	
	Gross	GF/GP	Gross	GF/GP
Corrections				
Hospital and Specialty Care Services	23,276.9	23,276.9	24,376.9	24,376.9
Operational Funding Shortfalls	0.0	0.0	18,884.1	18,014.1
Subtotal Corrections	\$23,276.9	\$23,276.9	\$43,261.0	\$42,391.0
Education				
Commodity Distribution Fee Revenue	227.0	0.0	227.0	0.0
Subtotal Education	\$227.0	\$0.0	\$227.0	\$0.0
Environmental Quality				
Air Quality Programs	575.0	0.0	575.0	0.0
Green Chemistry Initiative	1,000.0	0.0	1,000.0	0.0
Office of Great Lakes	45.0	0.0	45.0	0.0
Brownfield Grants and Loan Program	10,000.0	0.0	10,000.0	0.0
Information Tech. Fund Source Shift	0.0	0.0	0.0	0.0
Subtotal Environmental Quality	\$11,620.0	\$0.0	\$11,620.0	\$0.0
Higher Education				
Financial Aid Fund Source Shift	0.0	0.0	0.0	(90,000.0)
Subtotal Higher Education	\$0.0	\$0.0	\$0.0	\$(90,000.0)
Human Services				
Departmental Single Audit Costs	950.0	0.0	950.0	0.0
Nutrition Education	1,914.0	0.0	1,914.0	0.0
Strong Families/Safe Children				
Caseworkers	3,212.8	0.0	3,212.8	0.0
Child Support Enforcement System	2,182.1	0.0	2,182.1	0.0
Emergency Funding for Hurricane Katrina	500.0	0.0	500.0	0.0
Day Care Services Adjustment	(1,700.0)	0.0	(1,700.0)	0.0
Child and Family Services Adjustment	0.0	0.0	(10,200.0)	3,900.0
Child Care Fund Adjustment	0.0	0.0	5,000.0	9,700.0
Public Assistance Caseload Adjustment	0.0	0.0	12,523.4	19,923.4
Subtotal Human Services	\$7,058.9	\$0.0	\$14,382.3	\$33,523.4
Information Technology				
Public Protection Funding	5,046.2	0.0	5,546.2	0.0
Subtotal Information Technology	\$5,046.2	\$0.0	\$5,546.2	\$0.0
Judiciary				
Judicial Information Systems	1,500.0	0.0	1,500.0	0.0
Direct Trial Automation Support	890.0	0.0	890.0	0.0
Drunk Driving Case Flow Program	700.0	0.0	700.0	0.0
Subtotal Judiciary	\$3,090.0	\$0.0	\$3,090.0	\$0.0
Labor and Economic Growth				
Public Service Commission (Cable Television Regulation)	600.0	0.0	600.0	0.0
Financial Services Oversight	873.7	0.0	873.7	0.0
Job Training Funding	0.0	0.0	10,000.0	0.0
Subtotal Labor and Economic Growth	\$1,473.7	\$0.0	\$11,473.7	\$0.0

Department/Program	House-Passed Bill		Senate Substitute	
	Gross	GF/GP	Gross	GF/GP
Management and Budget				
State Building Authority Rent	0.0	0.0	15,200.0	15,200.0
Subtotal Management and Budget	\$0.0	\$0.0	\$15,200.0	\$15,200.0
Michigan Strategic Fund Agency				
Community Development Block Grants	8,000.0	0.0	8,000.0	0.0
Subtotal Michigan Strategic Fund	\$8,000.0	\$0.0	\$8,000.0	\$0.0
Military and Veterans Affairs				
Michigan Regional Training Institute	0.0	0.0	450.0	100.0
Grand Rapids Veterans Home	2,533.9	0.0	2,533.9	0.0
D.J. Jacobetti Veterans Home	180.0	0.0	180.0	0.0
Starbase Grant	707.0	0.0	707.0	0.0
Subtotal Military and Veterans Affairs	\$3,420.9	\$0.0	\$3,870.9	\$100.0
Natural Resources				
Wildlife Management (Deer Habitat)	300.0	0.0	300.0	0.0
Forest Fire Protection	278.0	0.0	278.0	0.0
Forest Recreation and Trails	250.0	0.0	250.0	0.0
Minerals Management	225.0	0.0	225.0	0.0
General Law Enforcement	50.0	0.0	50.0	0.0
Off-Road Vehicle Trail Improvement Grants	55.0	0.0	55.0	0.0
Subtotal Natural Resources	\$1,158.0	\$0.0	\$1,158.0	\$0.0
State				
Motorcycle Safety Education Grants	80.0	0.0	80.0	0.0
Driver Education Training Workshops	60.0	0.0	60.0	0.0
Subtotal State	\$140.0	\$0.0	\$140.0	\$0.0
State Police				
Auto Theft Prevention Grants (E.O 2007-3 Restoration)	4,000.0	0.0	4,000.0	0.0
Deficit Elimination Funding Proposal	5,421.5	0.0	5,421.5	0.0
Reimbursed Services (National Governor's Conference Security Costs)	0.0	0.0	700.0	0.0
Information Technology (Local Fees for Communications System)	0.0	0.0	500.0	0.0
Subtotal State Police	\$9,421.5	\$0.0	\$10,621.5	\$0.0
Transportation				
Interdepartmental Grant to State Police	1,298.4	0.0	1,298.4	0.0
Subtotal Transportation	\$1,298.4	\$0.0	\$1,298.4	\$0.0
Treasury				
Debt Service Fund Source Shift from GF/GP to Environmental Fund	0.0	0.0	0.0	(70,000.0)
Subtotal Treasury	\$0.0	\$0.0	\$0.0	\$(70,000.0)
Appropriations Total for H.B. 4493	\$124,121.0	\$26,606.8	\$533,322.1	\$73,884.3

Table 2
House Bill 4493
FY 2006-07 Supplemental Appropriations
Boilerplate Summary

Department/Issue	House-Passed Bill	Senate Substitute
General language on payments to local government included in the bill.	Sec. 201	Sec. 201
General language that subjects the appropriations in the bill to the Management and Budget Act.	Sec. 202	Sec. 202
Capital Outlay. Requires notification when spending to local units of government is below the amount reported in the bill.	Not Included	Sec. 210
Capital Outlay. Defines capital outlay terms in the bill.	Not Included	Sec. 211
Capital Outlay. Requires the funds appropriated be used for the purchase of American-made goods and services, if competitively priced and of competitive quality.	Not Included	Sec. 212
Capital Outlay. Requires that reports to the Legislature be submitted electronically.	Not Included	Sec. 213
Capital Outlay. Language dealing with the appropriation to be used in the Department of Agriculture for the purchase of farmland development rights.	Not Included	Sec. 215
Capital Outlay. Requires that maximum security prisons shall have staffed watchtowers.	Not Included	Sec. 217
Capital Outlay. Requires Joint Capital Outlay Subcommittee approval for prison expansion in the State.	Not Included	Sec. 218
Capital Outlay. Requires that any capital outlay construction project complies with the procedures required under the Management and Budget Act.	Sec. 301	Sec. 220
Capital Outlay. Requires that any capital outlay construction project includes a statement of the projected operating costs of the new building.	Sec. 302	Sec. 221
Capital Outlay. Requires universities and community colleges agree to limit the cost of new building to the amount authorized by the Legislature.	Sec. 303	Sec. 222
Capital Outlay. Requires the Department of Management and Budget to provide status reports on capital construction projects.	Not Included	Sec. 223

Department/Issue	House-Passed Bill	Senate Substitute
Capital Outlay. Requires Joint Capital Outlay Subcommittee review of all appropriated capital outlay authorizations.	Not Included	Sec. 224
Capital Outlay. Requires the use of any available Federal funds to be used as the match for State Building Authority funding for projects.	Not Included	Sec. 225
Capital Outlay. Requires the Department of Management and Budget to do cost analysis of any capital outlay project larger than \$1.0 million.	Not Included	Sec. 226
Capital Outlay. Requires a five-year capital outlay plan to be prepared by the Department of Management and Budget.	Not Included	Sec. 227
Capital Outlay. Requires Joint Capital Outlay Subcommittee approval of self-financed projects in excess of \$3.0 million for universities and community colleges.	Not Included	Sec. 230
Capital Outlay. Language dealing with special maintenance projects on State buildings.	Not Included	Sec. 233
Capital Outlay. Language dealing with the demolition of State buildings.	Not Included	Sec. 234
Capital Outlay. Prohibits State departments from expending more than \$600,000 of their operating budgets for maintenance of State buildings.	Not Included	Sec. 235
Capital Outlay. Requires reporting of leases of State departments in privately owned buildings.	Not Included	Sec. 237
Capital Outlay. The appropriations for the Department of Military and Veterans Affairs are contingent upon the receipt of available Federal and State Restricted funding.	Not Included	Sec. 240
Capital Outlay. State Building Authority procedures for community college projects.	Sec. 331	Sec. 241
Capital Outlay. State Building Authority language regarding matching funds for construction projects.	Sec. 332	Sec. 242
Capital Outlay. Community College and University approval for capital outlay projects and local matching funds.	Sec. 333	Sec. 243
Capital Outlay. Language dealing with harbor and dock projects in the Department of Natural Resources.	Not Included	Sec. 245
Capital Outlay. Requires an annual report from the Department of Natural Resources on capital outlay project status.	Not Included	Sec. 246

Department/Issue	House-Passed Bill	Senate Substitute
Capital Outlay. Requires agreements with local units of government on Natural Resources Trust Fund projects.	Not Included	Sec. 247
Capital Outlay. Provides for three-year time frame for the expenditure of Natural Resources Trust Fund projects.	Not Included	Sec. 248
Capital Outlay. Language dealing with transportation projects.	Not Included	Sec. 250
Capital Outlay. Requires an annual report from the Department of Transportation on capital outlay project status.	Not Included	Sec. 251
Capital Outlay. Provides for a two-year time frame for airport construction projects.	Not Included	Sec. 252
Capital Outlay. Prohibits the use of airport funds to expand runways at the Detroit-Willow Run Airport.	Not Included	Sec. 253
Capital Outlay. Language dealing with revenue collected under the antenna site management project.	Not Included	Sec. 255
Capital Outlay. Creates a site preparation economic development fund in the Department of Management and Budget.	Not Included	Sec. 256
Colleges and Universities. Provides for pension contribution rate adjustments to community colleges and universities included in Executive Order 2007-3.	Sec. 371	Sec. 371
Colleges and Universities. Language that clarifies the \$90.0 million fund source shift in financial aid programs.	Not Included	Sec. 372
Environmental Quality. Capitalizes the Brownfield Revolving Fund with the appropriation in Part 1.	Not Included	Sec. 401
Human Services. Language dealing with Early Childhood Investment Corporation funds.	Sec. 431	Sec. 431
Human Services. Requires the Department to provide an annual report of Early Childhood Investment Corporation expenditures.	Sec. 432	Sec. 432
Labor and Economic Growth. Language dealing with appropriation in the bill on cable television regulation.	Sec. 471	Sec. 471
Michigan Strategic Fund. Language which transfers and appropriates \$20.0 million of 21st Century Jobs Fund to the General Fund.	Sec. 571	Not Included

Department/Issue	House-Passed Bill	Senate Substitute
Military and Veterans Affairs. Creates account to support the operation of the regional training center institute in Battle Creek.	Not Included	Sec. 501
Military and Veterans Affairs. Sets conditions on which groups can use the facilities of the regional training center institute.	Not Included	Sec. 502
State Police. Language that prohibits the Department from closing any State Police posts before September 30, 2007.	Sec. 633	Sec. 633
Treasury. Creates a work project for the \$10.0 million GF/GP appropriation contained in Public Act 17 of 2007 for the implementation of a new business tax.	Not Included	Sec. 700
Repealer. Section 627 of Article 10 of PA 346 of 2006 is repealed. Human Services language dealing with grants for day care providers. This language is replaced with new Sec. 431 and Sec. 432.	Sec. 1001	Sec. 1001

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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.