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House Bill 5344 (Substitute S-1)
Sponsor: Representative George Cushingberry
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 3-27-08

CONTENT

House Bill 5344 (S-1) would provide for supplemental appropriations for fiscal year (FY) 2007-08. The supplemental appropriations contained in the bill are based on recommendations submitted to the Legislature by the Office of the State Budget (OSB) on January 14, 2008, and February 7, 2008. The House of Representatives approved House Bill 5344 (H-8) on March 20, 2008. The Senate substitute for the bill, House Bill 5344 (S-1), includes \$139.9 million of Gross appropriations, of which \$44.6 million are General Fund/General Purpose (GF/GP) appropriations.

The major issues addressed by the supplemental appropriation bill include the appropriation of a \$35.9 million settlement between the State and the Federal government involving the funding of school-based health clinics, the appropriation of \$11.0 million of GF/GP funding in the Department of Environmental Quality to offset fee increases included in the Department budget but not enacted into law, the funding of several shortfalls in the Department of Human Services, funding for laboratory operations in the Department of State Police, the funding of the local government costs of conducting the January 2008 presidential primary in Michigan, and the reduction of debt service payments in the Department of Treasury. Attachment A provides a comparison of the line-item supplemental appropriations recommended by the OSB, the House-passed version of supplemental appropriations, and the Senate substitute. The following is a brief summary of the line-item appropriations contained in House Bill 5344 (S-1):

Community Health: The bill would adjust the appropriation of quality assurance assessments in the Medicaid program and provide funding for the settlement between the State of Michigan and the Federal government involving the funding of school-based health clinics.

Education: The bill would appropriate Federal funding for educational assessment functions.

Environmental Quality: The bill includes an \$11.0 million fund shift from State Restricted funding to GF/GP funding. This fund shift is necessary to adjust the enacted budget for assumed fee increases that were included in the budget but not enacted into law.

Higher Education: The bill would adjust the funding levels of the Michigan Merit Award Program and the Michigan Promise Grant Program to reflect updated estimates of actual program expenditures.

Human Services: The bill would appropriate available Federal funding for nutrition education and adjust for enacted funding shortfalls in the Foster Care Program, the Adoption Subsidy Program, and the Child Care Fund.

Judiciary: The bill would appropriate available local revenue for automation projects in trial courts.

Military and Veterans Affairs: The bill would appropriate a 3.0% increase for veterans service organizations.

Natural Resources: The bill would provide additional funding for Forest Recreation Programs, Wildfire Protection Programs, and the St. Jean public boat launch.

State Police: The bill would provide funding to ensure that the operation of the laboratories continues at the prior fiscal year level, funding for a trooper school, and funding for the LEIN system.

Treasury: The bill would provide the funding to reimburse local units of government for their costs associated with the January 2008 presidential primary in Michigan. The bill also would reduce the appropriation for debt service payments on general obligation bonds to reflect savings due to the refinancing of outstanding bonds to take advantage of the recent reductions in long-term interest rates. Within the Strategic Fund Agency, the bill adds \$3.5 million for a bio-energy grant for Michigan State University.

The following information provides a summary of the language sections contained in House Bill 5344 (S-1):

Sec. 201. Reporting language regarding payments to local units of government.

Sec. 202. Subjects the appropriations in the bill to the provisions of the Management and Budget Act.

Sec. 411. Provides conditions on the appropriation in the Department of Education for assessment services.

Sec. 456. Provides conditions on the appropriation in the Department of Human Services for nonprofit providers of juvenile services.

Sec. 458. Changes the amount appropriated for adoption services in the Department of Human Services to correct an error in the original budget.

Sec. 460. Clarifies a 4.0% provider rate increase included in the original Department of Human Services budget for private adoption placements and finalizations.

Sec. 461. Permits the Department of Human Services to implement a \$25 annual fee from child support collected on behalf of a child support recipient. This fee is mandated by the Federal government and must be provided to the Federal government.

Sec. 463. Changes the name of the homeless shelter contract line in the Department of Human Services to homeless program line. This would give the Department greater flexibility in distributing homeless funding.

Sec. 464. Ensures that Supplemental Security Income State Supplemental Payments in the Department of Human Services are retained at the prior fiscal year levels.

Sec. 502. Clarifies that money appropriated from the Housing and Community Development Fund in the Department of Labor and Economic Growth is consistent with statutory requirements.

Sec. 560. Provides conditions on the Department of Natural Resources appropriation for the St. Jean public boat launch.

Sec. 572. Appropriates \$6.5 million from the General Fund to the Transportation Economic Development Fund.

Sec. 610. Provides for potential "clawbacks" of job training grants awarded by the Strategic Fund Agency to reflect the actual number of jobs created.

Sec. 613. Provides for the reallocation of 21st Century Jobs Fund grants and loans returned to the 21st Century Jobs Fund board.

Repealers. Department of Human Services, P.A. 131 of 2007: Secs. 566, 573, 609, 615, 643, and 723; Strategic Fund, P.A. 127 of 2007: Secs. 1002 and 1024.

Fiscal Analyst: Gary S. Olson

**Pending Fiscal Year 2007-08 Supplemental Appropriations
Recommendations from Office of the State Budget, House-Passed, and Senate Proposal**

Department/Item	Office of the State Budget		House-Passed		Senate Proposal (3-26-08)	
	Gross Appropriation	GF/GP Appropriation	Gross Appropriation	GF/GP Appropriation	Gross Appropriation	GF/GP Appropriation
Agriculture						
Cooperative Resources Management Initiative Prgm.	\$ 0	\$ 0	\$1,000,000	\$1,000,000	\$ 0	\$ 0
Subtotal Agriculture	0	0	1,000,000	1,000,000	0	0
Capital Outlay						
Farmland and Open Space Development Acquisition	3,750,000	0	0	0	0	0
State Building Maintenance	2,000,000	0	0	0	0	0
Military Affairs-Special Maintenance	15,000,000	0	0	0	0	0
Military Affairs-Camp Grayling Construction	11,500,000	0	0	0	0	0
Natural Resources-State Parks Maintenance	2,000,000	0	0	0	0	0
Natural Resources-Forest Roads	500,000	0	0	0	0	0
Natural Resources-Waterways Boating Programs	12,577,400	0	0	0	0	0
Natural Resources-Trust Fund Acquisition/ Development Projects	35,266,200	0	0	0	0	0
Transportation-Maintenance and Renovations	14,305,000	0	0	0	0	0
Transportation-Airport Projects	183,191,300	0	0	0	0	0
State Bldg. Auth. Planning Authorization-23 projects	2,300	2,300	0	0	0	0
State Bldg. Auth. Construction Authorization-6 projs.	600	600	0	0	0	0
Subtotal Capital Outlay	280,092,800	2,900	0	0	0	0
Community Health						
Federal Medicaid Disallowance Settlement	35,939,600	35,939,600	35,939,600	35,939,600	35,939,600	35,939,600
Medicaid Funding-Quality Assurance Assessment Adjustments	101,204,900	0	101,204,900	0	101,204,900	0
Medicaid Specialized Alzheimer's & Dementia Care	0	0	360,000	150,800	0	0
Primary Care Services	0	0	85,800	85,800	0	0
Vision Clinic	0	0	25,000	25,000	0	0
Subtotal Community Health	137,144,500	35,939,600	137,615,300	36,201,200	137,144,500	35,939,600
Education						
Education Assessment Operations	3,322,400	0	3,322,400	0	3,322,400	0
Subtotal Education	3,322,400	0	3,322,400	0	3,322,400	0

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Environmental Quality						
Real Time Water Quality Monitoring-Macomb County	0	0	250,000	0	0	0
Air Quality Fund Shift	0	3,527,400	0	3,527,400	0	3,527,400
Environmental Science Fund Shift	0	552,800	0	552,800	0	552,800
Water Fund Shift	0	2,302,400	0	2,302,400	0	2,302,400
Waste and Hazardous Materials Fund Shift	0	1,577,400	0	1,577,400	0	1,577,400
Land and Water Management Fund Shift	0	2,965,000	0	2,965,000	0	2,965,000
Office of Geological Survey Fund Shift	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Subtotal Environmental Quality	0	11,000,000	250,000	11,000,000	0	11,000,000
Higher Education						
Michigan Merit Award Program	(7,700,000)	0	(7,700,000)	0	(7,700,000)	0
Michigan Promise Grant Program	<u>(2,000,000)</u>	<u>0</u>	<u>(2,000,000)</u>	<u>0</u>	<u>(2,000,000)</u>	<u>0</u>
Subtotal Higher Education	(9,700,000)	0	(9,700,000)	0	(9,700,000)	0
Human Services						
Nutrition Education	9,688,400	0	9,688,400	0	9,688,400	0
Foster Care Payment Funding Shortfall	2,281,200	1,175,500	2,281,200	1,175,500	2,281,200	1,175,500
Adoption Subsidy Funding Shortfall	374,600	236,000	374,600	236,000	374,600	236,000
Child Care Fund	838,600	838,600	838,600	838,600	838,600	838,600
Day Care Provider Rate Increases	10,000,000	10,000,000	10,000,000	10,000,000	0	0
Child and Adult Licensing-Fee Elimination	0	0	0	570,000	0	0
Foster Care-Restore Vetoed Funding	0	0	2,890,900	1,445,500	0	0
Community Services Block Grant	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>0</u>
Subtotal Human Services	23,182,800	12,250,100	26,373,700	14,565,600	13,182,800	2,250,100
Judiciary						
Trial Court Automation Support	<u>489,500</u>	<u>0</u>	<u>489,500</u>	<u>0</u>	<u>489,500</u>	<u>0</u>
Subtotal Judiciary	489,500	0	489,500	0	489,500	0
Labor and Economic Growth						
Office of Financial and Insurance Services	<u>1,429,600</u>	<u>0</u>	<u>168,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Labor and Economic Growth	1,429,600	0	168,200	0	0	0

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	Gross Appropriation	GF/GP Appropriation	Gross Appropriation	GF/GP Appropriation	Gross Appropriation	GF/GP Appropriation
Military and Veterans Affairs						
Veterans Service Organizations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>117,300</u>	<u>117,300</u>
	0	0	0	0	117,300	117,300
Natural Resources						
Lake Level Control	0	0	25,000	25,000	0	0
Cormorant Population Control	0	0	150,000	150,000	0	0
Forest Recreation and Trails	500,000	500,000	500,000	500,000	500,000	500,000
Wildfire Protection	500,000	500,000	500,000	500,000	500,000	500,000
St. Jean Public Boat Launch	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
Subtotal Natural Resources	1,000,000	1,000,000	1,175,000	1,175,000	1,050,000	1,000,000
State Police						
Trooper Recruit School	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Laboratory Operations	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Law Enforcement Information Network	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,300,000</u>	<u>1,300,000</u>
Subtotal State Police	3,000,000	3,000,000	3,000,000	3,000,000	4,300,000	4,300,000
Transportation						
Comprehensive Transp. Fund-Bus Capital Grants	0	0	1,000,000	0	0	0
GF Transfer to Transp. Econ. Development Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,500,000</u>	<u>6,500,000</u>
Subtotal Transportation	0	0	1,000,000	0	6,500,000	6,500,000
Treasury-Operations						
Presidential Primary Costs	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Quality of Life Bond Debt Service	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
Clean Michigan Initiative Debt Service	(18,000,000)	(18,000,000)	(18,000,000)	(18,000,000)	(18,000,000)	(18,000,000)
Great Lakes Water Quality Bond Debt Service	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(4,000,000)</u>
Subtotal Treasury	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Treasury-Strategic Fund Agency						
Business Incubator Program-Macomb County	0	0	500,000	500,000	0	0
Business Incubator Program-Washtenaw County	0	0	500,000	500,000	0	0
Michigan State University-Bio Energy Grant	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,500,000</u>	<u>3,500,000</u>
Subtotal Strategic Fund Agency	0	0	1,000,000	1,000,000	3,500,000	3,500,000
Total Pending Supplemental Appropriations	\$419,961,600	\$43,192,600	\$145,694,100	\$47,941,800	\$139,906,500	\$44,607,000