

FY 2011-12 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed by the Senate
House Bill 5015 (S-3)



Director: Mary Ann Cleary
Deputy Director: Kyle I. Jen
Bill Coordinator: Ben Gielczyk

Budget Area	Executive*		House**		Senate	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Attorney General	\$6,000,000	\$0	0	0	\$6,000,000	\$0
Community Health	0	0	0	0	0	10,000,000
Education	22,500,000	0	0	0	0	(10,000,000)
Human Services	0	0	0	0	877,600	175,500
Military & Veterans Affairs	5,000,000	0	0	0	5,000,000	0
State Police	0	0	0	0	600,000	600,000
Transportation	0	0	0	0	50,000	0
Treasury - Operations	22,500,000	0	0	0	7,594,000	94,000
Treasury - MSF	41,209,500	0	0	0	68,709,500	0
TOTAL	\$97,209,500	\$0	\$0	\$0	\$88,831,100	\$869,500

*Reflects State Budget Office supplemental request 2012-15.

**HB 5015 was passed by the House in its introduced, shell-bill format.

OVERVIEW

In a letter dated May 21, 2012, the State Budget Office (SBO) submitted FY 2011-12 supplemental requests totaling \$97.2 million Gross. Included in this supplemental request were one-time funding requests from funds awarded to the state of Michigan under the joint state-federal foreclosure settlement entered into by state Attorneys General and five national mortgage servicers. The \$25 billion settlement provides a total of \$2.5 billion to state attorneys general to provide foreclosure relief and housing programs.

The following programs were recommended for funding by the Attorney General and Governor: foreclosure counseling for homeowners, restitution for victims of foreclosure rescue scams, creation of a home protection unit within the Attorney General's office, support for the Michigan Housing and Community Development Fund, assistance for school children displaced by foreclosure, assistance for military service members, support of the Education Achievement Authority, and blight elimination programs. House Bill 5015 (S-3) contains some of those items but allocates a portion of the funding for other proposed foreclosure-related programs. Gross funding for these items totals only \$87.2 million because \$10.0 million in the Department of Education budget was previously appropriated from GF/GP funds.

Additionally, House Bill 5015 (S-3) includes various supplemental appropriation adjustments not related to the Joint State-Federal Foreclosure Settlement for the Department of Community Health, Department of Human Services, Department of State Police, and the Department of Transportation. These items total \$1.6 million in Gross appropriations (\$869,500 GF/GP).

FY 2011-12 Appropriation Items:

ATTORNEY GENERAL

1. Home Protection Unit

Appropriates \$6.0 million of the one-time federal-state foreclosure settlement between state Attorneys General and five national mortgage servicers for investigation and prosecution of additional foreclosure-related criminal activities, and for consumer support. A Home Protection Unit would be created within the Corporate Oversight Division of the department to house the additional staff. Senate includes. (SBO request 2012-15)

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
FTEs	9.0	--	9.0
Gross	\$6,000,000	--	\$6,000,000
Restricted	6,000,000	--	6,000,000

COMMUNITY HEALTH

2. Medicaid Benefits Trust Fund Shift to General Fund

Senate replaces \$10.0 million of Medicaid Benefits Trust Fund (MBTF) state restricted revenue, appropriated for the Medicaid program within the Health Plan Services line, with an equal amount of GF/GP. Public Act 236 of 2012 had replaced \$10.0 million in GF/GP supporting the Health Plan Services with \$10.0 million from the MBTF.

Gross	--	--	\$0
Restricted	--	--	(10,000,000)
GF/GP	--	--	\$10,000,000

EDUCATION

3. Education Achievement Authority

Senate provides \$10.0 million in mortgage settlement funds, replacing \$10.0 million GF/GP recently appropriated for the same purpose in 2012 PA 236, to the Education Achievement Authority. For the 2012-13 school year, the EAA is to assume control of 15 school buildings within Detroit. Generally speaking, per the FY 2012-13 School Aid Budget, the EAA will receive the same foundation allowance per full-time equated (FTE) pupil as the school district in which the achievement school is located. For Detroit, that is \$7,190 per pupil. The funds appropriated here for the EAA would be used for technology improvements and renovating and equipping EAA school facilities. (SBO request 2012-15)

Gross	\$10,000,000	--	\$0
Restricted	10,000,000	--	10,000,000
GF/GP	\$0	--	(\$10,000,000)

4. Assistance for Displaced Students

Appropriates \$12.5 million of the one-time federal-state foreclosure settlement between state Attorneys General and five national mortgage servicers for additional services to homeless students, through the department's Education for Homeless Children and Youth (EHCY) program, supplementing federal McKinney-Vento grant funds. Senate does not include. (SBO request 2012-15)

Gross	\$12,500,000	--	--
Restricted	12,500,000	--	--

HUMAN SERVICES

5. Specialized Independent Living Administrative Rate Increase

Senate provides \$877,600 Gross (\$175,500 GF/GP) to reinstate the specialized independent living administrative rates to the levels in effect during FY 2010-11. Sufficient funding is provided to reinstate these rates for the entire current fiscal year.

Gross	--	--	\$877,600
Restricted	--	--	702,100
GF/GP	--	--	\$175,500

MILITARY AND VETERANS AFFAIRS

6. Veterans and Community Outreach

Includes funding for the department to provide assistance to military service members who have been affected by the foreclosure crisis. Eligible service members include active and veteran members of the United States armed forces and active and veteran members of the United States National Guard and Reserve. Senate includes. (SBO request 2012-15)

Gross	\$5,000,000	--	\$5,000,000
Restricted	5,000,000	--	5,000,000

STATE POLICE

7. Secondary Road Patrol

Senate includes funding to cover a revenue shortfall in the Secondary Road Patrol program. The program is funded by a \$10 surcharge which is collected on all traffic citations issued. As a result of reduced numbers of police officers working at all levels of law enforcement, fewer citations are being issued, and less revenue is being collected. Without this supplemental appropriation, it is estimated that between 41 and 55 road patrol deputies will be laid off across the state.

Gross	--	--	\$600,000
GF/GP	--	--	\$600,000

FY 2011-12 Appropriation Items:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
TRANSPORTATION				
8. Detroit-Wayne County Port Authority Grant				
<u>Senate</u> provides additional state support for the Detroit-Wayne County Port Authority operations from the state restricted Comprehensive Transportation Fund (CTF) to supplement current year CTF appropriation of \$468,200.	Gross	--	--	\$50,000
	Restricted	--	--	50,000
TREASURY				
9. Foreclosure Rescue Scam Victim Restitution				
Appropriates \$10.0 million of the one-time federal-state foreclosure settlement between state Attorneys General and five national mortgage servicers for assistance grants and payments to victims of foreclosure-related crimes as approved by the Attorney General. <u>Senate</u> includes \$\$7.5 million. (SBO request 2012-15)	Gross	\$10,000,000	--	\$7,500,000
	Restricted	10,000,000	--	7,500,000
10. Assistance for Displaced Students				
Provides \$12.5 million for efforts to assist elementary and secondary education students and families of the students that have been impacted by the foreclosure crisis. Funds will be used to coordinate with other state agencies and non-government organizations to provide educational and other services under a plan approved by the Attorney General. <u>Senate</u> does not include. (SBO request 2012-15)	Gross	\$12,500,000	--	--
	Restricted	12,500,000	--	--
11. Escanaba Industrial Park Technology Upgrade				
<u>Senate</u> provides \$94,000 for technology upgrades at the Whitetail Industrial Park owned by the City of Escanaba.	Gross	--	--	\$94,000
	GF/GP	--	--	\$94,000
MICHIGAN STRATEGIC FUND - MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY				
12. Foreclosure Counseling and Legal Aid for Homeowners				
Appropriates \$20.0 million of the one-time federal-state foreclosure settlement between state Attorneys General and five national mortgage servicers to the Michigan State Housing Development Authority (MSHDA) to provide for legal aid and counseling services to persons impacted by the foreclosure crisis or facing foreclosure using MSHDA's statewide network of homeowner counseling agencies. <u>Senate</u> includes \$20.0 million total with a requirement that \$5.0 million go to Michigan State University Extension for foreclosure counseling services (\$5.0 million for MSU Extension included in separate line item). (SBO request 2012-15)	Gross	\$20,000,000	--	\$20,000,000
	Restricted	20,000,000	--	20,000,000
13. Blight Elimination				
Appropriates \$11.5 million of the one-time federal-state foreclosure settlement between state Attorneys General and five national mortgage servicers to MSHDA to facilitate blight elimination in Michigan communities impacted by blighted properties due to the foreclosure crisis. Funding will support demolition, planning, property redevelopment, title clearing, and prosecution. <u>Senate</u> includes \$25.0 million to support blight elimination and demolition on residential, single-family homes considered blighted. Funds would support county based programs in blight elimination and restoration. Directs \$10.0 million to the city of Detroit. (SBO request 2012-15)	Gross	\$11,509,500	--	\$25,000,000
	Restricted	11,509,500	--	25,000,000
14. Michigan Housing and Community Development Fund				
Appropriates \$9.7 million of the one-time federal-state foreclosure settlement between state Attorneys General and five national mortgage servicers to the Michigan Housing and Community Development Fund. The fund supports developing and coordinating public and private resources to meet the housing needs of low income, very low income, and extremely low income households and to finance projects located in a downtown area or adjacent neighborhood in this state. See MCL 125.1458a through 125.1458d. <u>Senate</u> includes \$3.7 million. (SBO request 2012-15)	Gross	\$9,700,000	--	\$3,709,500
	Restricted	9,700,000	--	3,709,500

FY 2011-12 Appropriation Items:

15. Home Affordable Refinance Program (HARP) Grants

Senate appropriates \$5.0 million of the one-time federal-state foreclosure settlement between state Attorneys General and five national mortgage servicers to MSHDA to support HARP program grants. Requires that grants are directed to support residential, single-family homes. Grants would support reimbursement of closing costs, with grants being capped at \$500.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	--	--	\$5,000,000
Restricted	--	--	5,000,000

16. Assistance to Homebuyers

Senate appropriates \$15.0 million of the one-time federal-state foreclosure settlement between state Attorneys General and five national mortgage servicers to MSHDA to support assistance programs to homebuyers that have not purchased a home in the last three years, including both non-service members and service members. Non-service members would be eligible for grants totaling 25% of the purchase price of a home or \$3,000, whichever is less and service members would be eligible for 25% of the purchase price of a home or \$5,000, whichever is less.

Gross	--	--	\$15,000,000
Restricted	--	--	15,000,000

FY 2011-12 Boilerplate Items:

GENERAL SECTIONS

1. Work Project Appropriations

Senate designates unexpended, unencumbered, or unallotted appropriations from the Homeowner Protection Fund as work project appropriations, and authorizes funding to be carried forward. Requires work project to be completed by September 30, 2016. Any funds unexpended by September 30, 2016 would be expended for blight elimination. (Executive included work project appropriations in each department section.) (SBO request 2012-15)

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
	Included	--	Sec. 203

EDUCATION

2. Education Achievement Authority (EAA)

Provides that funds appropriated in part 1 to support the EAA are to be used for technology improvements and for renovating, rehabilitating, and equipping buildings and facilities where instruction overseen by the EAA occurs. Senate does not include this item. (SBO request 2012-15)

	Included	--	--
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3. Assistance for Displaced Students

Provides that funds appropriated in part 1 for displaced students are to support children and families impacted by the foreclosure crisis. The section permits MDE to work with other state agencies and private organizations to be provide educational and other support services. Senate does not include this item. (SBO request 2012-15)

	Included	--	--
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HUMAN SERVICES

4. Specialized Independent Living Administrative Rate Increase

Senate reinstates special independent living administrative rates to FY 2010-11 levels.

	--	--	Sec. 401
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MILITARY AND VETERANS AFFAIRS

5. Eligible Service Members

Requires the department to assist military service members who have been affected by the foreclosure crisis; defines eligible service members to include active and veteran members of the United States armed forces and active and veteran members of the United States National Guard and Reserve. Senate includes. (SBO request 2012-15)

	Included	--	Sec. 502
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TRANSPORTATION

6. Detroit/Wayne County Port Authority

Senate includes language that requires the \$50,000 grant to the Detroit/Wayne County Port Authority to be repaid by the authority to the Comprehensive Transportation Fund when Wayne County and the city of Detroit make their 2012 payments to the authority.

	--	--	Sec. 551
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TREASURY

7. Foreclosure Rescue Scam Victim Restitution

Requires the Department of Treasury to assist victims of foreclosure-related crimes as approved by the Attorney General. Senate includes. (SBO request 2012-15)

	Included	--	Sec. 601
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FY 2011-12 Boilerplate Items:

8. Assistance to Displaced Students

Requires the Department of Treasury to assistance students displaced due to the foreclosure crisis. Allows the department to coordinate with other agencies and non-governmental organizations. Senate does not include this item. (SBO request 2012-15)

Executive **House** **Senate**

Included -- --

9. Michigan Housing and Community Development Fund

Requires funds appropriated in part 1 to be used for the purposes outlined in sections 58a through 58d of the State Housing and Development Authority Act of 1966. This includes supporting developing and coordinating public and private resources to meet the housing needs of low income, very low income, and extremely low income households and to finance projects located in a downtown area or adjacent neighborhood in this state. Senate includes and specifies that \$3.7 million shall be appropriated for this purpose. (SBO request 2012-15)

Included -- Sec. 602

10. Blight Elimination

Requires funds appropriated in part 1 to be used to support the stabilization of Michigan communities impacted by the foreclosure crisis through blight elimination activities including demolition, planning, property redevelopment, title clearing, and prosecution. Senate directs \$25.0 million to be allocated to Michigan State Housing Development Authority (MSHDA). Provides that \$10.0 million support Detroit blight elimination activities and \$15.0 million support county level blight elimination activities throughout the state. Specifies that priority shall be given to demolition of residential, single-family homes that are considered blighted. Requires funding awards to be spread equitably throughout the state. Requires report. (SBO request 2012-15)

Included -- Sec. 603

11. Foreclosure Counseling for Homeowners

Requires MSHDA to use funds appropriated in part 1 to support foreclosure counseling and legal aid services under a plan approved by the Attorney General. Senate includes. (SBO request 2012-15)

Included -- Sec. 604

12. Homeowner Protection Fund

Creates the Homeowner Protection Fund in the Department of Treasury. The fund shall receive revenue from the Michigan-designated portion of the joint state-federal foreclosure settlement entered into by the Michigan Attorney General. Senate does not include this item. Homeowner Protection Fund is proposed under Senate Bill 1160. (SBO request 2012-15)

Included -- --

13. Administration

Senate authorizes MSHDA to use not more than five percent of the funds appropriated in part 1 for the administration of the funds.

-- -- Sec. 607

14. Report to Legislature

Senate requires the Michigan State Housing Development Authority to report on the expenditures from each program funded in part 1, including the number of purchasers, served by the program.

-- -- Sec. 608

15. Assistance to Homebuyers Program

Senate provides criteria and program guidance for application and distribution of funds associated with the Assistance to Homebuyers Program. Specifies maximum amounts for non-service members and service members. Defines homebuyer as a person that has not purchased or financed a principal residence in the previous three years. States it is the intent of the legislature that preference be given to disabled veterans.

-- -- Sec. 609

16. Home Affordable Refinance Program Grants

Senate provides criteria for Home Affordable Refinance Program (HARP) grant application and administrative processing. Provides that up to \$500 shall be granted to offset closing costs.

-- -- Sec. 611