

**FY 2008-09 SUPPLEMENTAL APPROPRIATIONS**  
**Summary: As Passed by the Senate**  
**Senate Bill 334 (S-1)**



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Budget Area	Executive*		Senate		House	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Community Health	\$9,152,200	\$0	\$9,152,200	\$0		
Environmental Quality	0	0	0	0		
Human Services	16,700,000	0	16,700,000	0		
State Police	3,811,000	0	3,811,000	0		
Transportation	400,000	0	400,000	0		
Treasury	1,339,800	0	1,339,800	0		
<b>TOTAL</b>	<b>\$31,403,000</b>	<b>\$0</b>	<b>\$31,403,000</b>	<b>\$0</b>		

\*Reflects State Budget Office letters of 5/5/09 and 5/7/09 and Transportation request from 3/12/09 letter.

**OVERVIEW**

On May 5 and May 7, 2009, the State Budget Office (SBO) requested supplemental appropriations totaling \$31.0 million, along with various proposed boilerplate sections and repealers of existing boilerplate language. These requests relate to Executive Order (EO) 2009-22. (Note: Negative supplemental appropriation requests for the Judiciary budget are not reflected above, as those items were contained in House Bill 4309 [Public Act 24 of 2009].)

The Senate-passed version of Senate Bill 334 mirrors the SBO recommendations, with some minor technical adjustments in the boilerplate section of the bill. Additionally, a supplemental appropriation in the Transportation budget for rail passenger service, along with associated boilerplate adjustments, are included in the bill.

The bill includes no General Fund/General Purpose (GF/GP) appropriations.

**FY 2008-09 Appropriation Items:**

**COMMUNITY HEALTH**

**1. Healthy Michigan Fund for Medicaid Services**

Increases Healthy Michigan Fund revenue authorization within the Hospital Services and Therapy line with funds available through various HMF program reductions as identified in EO 2009-22. These funds replace GF/GP which was removed pursuant to EO 2009-22 from the Hospital Services and Therapy appropriation line. (5/5/09 SBO letter)

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
<b>Gross</b>	<b>\$3,839,700</b>	<b>\$3,839,700</b>	
Restricted	3,839,700	3,839,700	

**2. Merit Award Trust Fund for Medicaid Services**

Increases Merit Award Trust Fund authorization within the Long-Term Care Services line with funds available from the respite care for seniors program and from reductions in Treasury and Higher Education. These funds offset GF/GP in the Medicaid Long-Term Care Services line as identified in EO 2009-22. (5/5/09 SBO letter)

<b>Gross</b>	<b>\$5,312,500</b>	<b>\$5,312,500</b>	
Restricted	5,312,500	5,312,500	

**FY 2008-09 Appropriation Items:****HUMAN SERVICES****3. Child Support Incentive Payments**

Increases Federal appropriations by \$9.6 million for child support incentive payments, which offsets GF/GP removed from this line item as a result of EO 2009-22. Federal funding is available as a result of the federal stimulus package reversing an earlier federal law change which prohibited the use of federal incentive dollars as match. (5/5/09 SBO letter)

	<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>
<b>Gross</b>	<b>\$9,570,000</b>	<b>\$9,570,000</b>	
Federal	9,570,000	9,570,000	

**4. Legal Support Contracts**

Increases Federal appropriations by \$600,000 for legal support contracts, which offsets GF/GP removed from this line item as a result of EO 2009-22. Federal funding is available as a result of the federal stimulus package reversing an earlier federal law change which prohibited the use of federal incentive dollars as match. (5/5/09 SBO letter)

<b>Gross</b>	<b>\$600,000</b>	<b>\$600,000</b>	
Federal	600,000	600,000	

**5. Child Support Automation**

Increases Federal appropriations by \$6.5 million for child support automation, which offsets GF/GP removed from this line item as a result of EO 2009-22. Federal funding is available as a result of the federal stimulus package reversing an earlier federal law change which prohibited the use of federal incentive dollars as match. (5/5/09 SBO letter)

<b>Gross</b>	<b>\$6,530,000</b>	<b>\$6,530,000</b>	
Federal	6,530,000	6,530,000	

**STATE POLICE****6. Forensic Sciences**

Provides restricted funding from the State Services Fee Fund for laboratory operational costs which were funded previously with GF/GP. This supplemental adjustment is in conjunction with EO 2009-22 to transfer restricted fund authority. (5/5/09 SBO letter)

<b>Gross</b>	<b>\$3,811,000</b>	<b>\$3,811,000</b>	
Restricted	3,811,000	3,811,000	

**TRANSPORTATION****7. Rail Passenger Service**

The state of Michigan contracts with AMTRAK to provide daily rail passenger service along two lines: the *Blue Water* (Port Huron to Chicago), and the *Pere Marquette* (Grand Rapids to Chicago). Service is currently provided under a 9-month (October 1, 2008 through June 30, 2009) \$6.4 million contract. The State Budget Office indicates that a supplemental appropriation of \$400,000 (Comprehensive Transportation Fund) is needed to provide service through September 30, 2009. The State Budget Office has also requested the repeal of related boilerplate spending restriction – see below. (3/12/09 SBO letter)

<b>Gross</b>	<b>\$400,000</b>	<b>\$400,000</b>	
Restricted	400,000	400,000	

**TREASURY****8. Constitutional Revenue Sharing Grants**

Adjusts line item appropriation to reflect the Department of Treasury April 2009 sales tax revenue estimates. Constitutional revenue sharing grants are constitutionally required to be funded by 15% of gross sales tax collections at a 4.0% rate and are distributed to cities, villages, and townships on a per capita basis. (5/7/09 SBO letter)

<b>Gross</b>	<b>(\$21,130,000)</b>	<b>(\$21,130,000)</b>	
Restricted	(21,130,000)	(21,130,000)	

**9. Statutory Revenue Sharing Grants**

Adjusts line item appropriation to reflect adjustments from the Department of Treasury April 2009 sales tax revenue estimates. EO 2009-22 reduced Statutory grants by \$41.4 million. With the reduction in constitutional grants listed above and the elimination of boilerplate section 950(2) in 261 PA 2008 (see below), the statutory grant savings that will be realized is \$22.5 million lower than this estimate; thus appropriation is increased by \$22.5 million. (5/7/09 SBO letter)

<b>Gross</b>	<b>\$22,469,800</b>	<b>\$22,469,800</b>	
Restricted	22,469,800	22,469,800	

**FY 2008-09 Boilerplate Items:**

**Executive**                      **Senate**                      **House**

**COMMUNITY HEALTH**

**1. Pharmacy Dispensing Fee and Prescription Drug Copayments**

--                      Sec. 301

EO 2009-22 included savings resulting from the elimination of a Medicaid pharmacy dispensing fee increase. The Senate includes a repeal of Sec. 1620 in its entirety, concurring with the Executive, but reinstates in Sec. 301 portions of the language not related to the dispensing fee increase.

**COMMUNITY HEALTH (REPEALERS)**

**2. Reimbursement of Mental Health Medications**

Included                      Sec. 1001

EO 2009-22 recognizes savings generated by including behavioral health drugs on the preferred drug list. Proposed is the repeal of Sec. 269 which specifies that the funds appropriated for pharmaceutical services include funds for the reimbursement of mental health medications under the Medicaid program. (5/5/09 SBO letter)

**3. Pharmacy Dispensing Fee and Prescription Drug Copayments**

Included                      Sec. 1001

EO 2009-22 included savings resulting from the elimination of a Medicaid pharmacy dispensing fee increase. The Senate concurs with the Executive, repealing Sec. 1620 in its entirety. The Senate reinstates in Sec. 301 the portions of Sec. 1620 not related to the dispensing fee increase. (5/5/09 SBO letter)

**4. Atypical Antipsychotic Medications**

Included                      Sec. 1001

EO 2009-22 recognized savings generated by including behavioral health drugs on the preferred drug list. Proposed is the repeal of Sec. 1625 which directs the Department to continue placing all atypical antipsychotic medications on the Medicaid preferred drug list. (5/5/09 SBO letter)

**5. Medicaid Podiatric, Dental and Chiropractic Services**

Included                      Sec. 1001

EO 2009-22 included savings due to the elimination of certain optional Medicaid services. Proposed is the repeal of Sec. 1630 which 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. (5/5/09 SBO letter)

**6. Continuation of Ambulance Services Rate Increases**

Included                      Sec. 1001

EO 2009-22 included savings due to the elimination of an ambulance Medicaid provider rate increase granted beginning FY 2005-06. Proposed is the repeal of Sec. 1634 which requires continuation of FY 2000-01 5% increase in ambulance service payment rates and continuation of the FY 2005-06 ambulance mileage reimbursement rate increase of \$4.25 per mile. (5/5/09 SBO letter)

**7. Continuation of Medicaid Obstetrical Rate Increase**

Included                      Sec. 1001

EO 2009-22 included savings as a result of a 4% provider rate decrease. Proposed is the repeal of Sec. 1635 which requires continuation of FY 2005-06 allocation of \$6,910,800 between Physician Services and Health Plan Services appropriation lines for the increase of Medicaid reimbursement rates for obstetrical services. (5/5/09 SBO letter)

**8. Continuation of Medicaid Physician Well Child and Primary Care Procedures Rate Increase**

Included                      Sec. 1001

EO 2009-22 included savings as a result of a 4% provider rate decrease. Proposed is the repeal of Sec. 1636 which requires continuation of FY 2006-07 allocation of \$23,874,800 between Physician Services and Health Plan Services appropriation lines for an increase in Medicaid reimbursement rates for physician well child procedure codes and primary care procedure codes. (5/5/09 SBO letter)

**ENVIRONMENTAL QUALITY**

**9. Environmental Protection Fund Transfer**

Included                      Sec. 401

This section would transfer \$874,900 from the Community Pollution Prevention Fund to the Environmental Protection Fund. Funding will become available through a contingency fund transfer to the Building Occupancy line item (SBO letter: May 5). This would allow the replacement of GF/GP deleted in EO 2009-22 from the Building Occupancy line item. (5/5/09 SBO letter)

**FY 2008-09 Boilerplate Items:**

**HUMAN SERVICES (REPEALERS)**

**10. Child Welfare Service Pilot Project**

Repeals Section 516 of 2008 PA 248 which requires DHS to implement a child welfare service pilot in Kent County through which all child welfare services, excluding child protection and evaluation, would be purchased from child placing agencies; establishes program requirements and requires a report to subcommittee members. (5/5/09 SBO letter)

**Executive**                      **Senate**                      **House**

Included                      Sec. 1001

**11. Community Action Agency TANF Allocation**

Repeals Section 1104 of 2008 PA 248 which earmarks \$2.4 million TANF for Community Action Agencies and \$500,000 for Earned Income Tax Credit (EITC) education and outreach. (Informal SBO recommendation)

--                      Sec. 1001

**TRANSPORTATION/REPEALER**

**12. Rail Passenger Service**

As noted above, the State Budget Office is requesting a supplemental appropriation to extend AMTRAK rail passenger contract service through September 30, 2009. Boilerplate section 711 from 2008 PA 275 (the enacted FY 2008-09 transportation budget) limits the amount of state subsidy to \$7.1 million. The State Budget Office has also requested the repeal of boilerplate Section 711, and the inclusion of new boilerplate language without the spending restrictions. (3/12/09 SBO letter)

Included                      Secs.  
501/1001

**TREASURY**

**13. Statutory Revenue Sharing Grant Funding**

Requires that the FY 2008-09 statutory revenue sharing grant appropriation to each city, village, and township is an amount equal to the amount that the city, village or township received in FY 2007-08. (5/7/09 SBO letter)

Included                      Sec. 601

**14. Constitutional Revenue Sharing Grant Funding**

Republishes language related to constitutional revenue sharing currently contained in subsection (1) of section 950 (261 PA 2008). That section is repealed by the bill (see item below).

--                      Sec. 602

**TREASURY (REPEALERS)**

**15. Revenue Sharing**

Repeals section 950 (261 PA 2008). Subsection (2) of that section directs distribution of statutory revenue sharing payments to cities, villages, and townships so that local units receive a combined total FY 2008-09 constitutional and statutory distribution equal to total distribution the local unit received in FY 2007-08; included 2.0% additional statutory payment to local units that received statutory payments in FY 2006-07. Subsection (3) of that section provides that if appropriated amounts for statutory revenue sharing are insufficient to fund distributions under subsection 2, then additional funding shall be appropriated. EO 2009-22 contained an appropriation reduction of \$41.4 million based on the assumed repeal of this language. (5/7/09 SBO letter; SBO requested repeal of subsections (2) and (3); Senate repeals section in entirety and republishes subsection (1).)

Included                      Sec. 1001