

FY 2009-10 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed by the House
House Bill 5403 (H-2)



HFA Director: Mitchell E. Bean
 Supplemental Coordinator: Kyle I. Jen

APPROPRIATION SUMMARY				
Budget Area	Gross	Federal	Restricted	GF/GP
Community Health	\$238,911,600	\$174,846,400	\$64,065,200	\$0
Education	4,000,000	0	4,000,000	0
Higher Education	120,000,000	0	120,000,000	0
Treasury	73,832,900	0	73,832,900	0
TOTAL	\$436,744,500	\$174,846,400	\$261,898,100	\$0

OVERVIEW

House Bill 5403, as passed by the House, contains a Gross appropriation of \$436.7 million. The items contained in the bill would restore certain budget reductions under various FY 2009-10 budget bill conference reports.

Appropriations from state funding in the bill include \$261.2 million from two new restricted funds that would receive new revenue under proposed statutory changes:

- *Michigan Health Care Rebate Fund*: \$63.3 million in state funding in the Community Health Budget.
- *Michigan Future Fund*: \$197.8 million in state funding for State Aid to Libraries, the Promise Grant Program, and Statutory Revenue Sharing.

FY 2009-10 Appropriation Items:

HB 5403 (H-2)

COMMUNITY HEALTH

1. Restore Funding for Medicaid Optional Services

Provides funding to restore Medicaid adult dental, optometric, chiropractic, and podiatric services and hearing aids that were eliminated through Executive Order (EO) 2009-22 effective July 1, 2009.

Gross	\$27,735,300
Federal	20,321,700
Restricted	7,413,600

2. Restoration of 4.0% Provider Rate Reduction (Conference Report)

Includes funding to fully restore the 4.0% Medicaid provider rate reductions contained in the FY 2009-10 Department of Community Health conference report (HB 4436 CR-1). This reduction is in addition to the 4.0% provider rate reduction implemented through EO 2009-22.

Gross	\$177,488,800
Federal	130,046,000
Restricted	47,442,800

3. Restoration of 4.0% Provider Rate Reduction (EO 2009-22)

Partially restores the 4.0% Medicaid provider rate reduction imposed in EO 2009-22. This reduction was implemented July 1, 2009. The additional funding would result in a 3.3% rate reduction for FY 2009-10 instead of the original 4.0% reduction.

Gross	\$31,662,500
Federal	23,199,100
Restricted	8,463,400

4. Primary Care Services

Restores funds that were eliminated in the FY 2009-10 Department of Community Health Conference Report (HB 4436 CR-1) for Bronson Methodist Hospital. The DSH payment to the hospital supports primary care services provided by ACCESS, Arab American Chaldean, Center for Family Health, Cherry Street Health Services, Community Health and Social Services, Hamilton Family Health Center, and North Oakland Medical Center.

Gross	\$2,025,000
Federal	1,279,600
GF/GP	\$745,400

FY 2009-10 Appropriation Items:**HB 5403 (H-2)****5. Settlement and Fraud Recoveries - Medicaid Benefits Trust Fund**

Assumes additional funding from legal settlements and fraud recoveries that are deposited in the Medicaid Benefits Trust Fund. This additional revenue would offset GF/GP currently used for Medicaid payments

	Gross	\$0
Restricted		745,400
GF/GP		(\$745,400)

EDUCATION**6. State Aid to Libraries**

Restores \$4.0 million to the appropriation for State Aid to Libraries, which was reduced in the FY 2009-10 conference report for the Department of Education (HB 4438 CR-1) from \$10.0 million to \$6.0 million.

	Gross	\$4,000,000
Restricted		4,000,000

HIGHER EDUCATION**7. Michigan Promise Grant Program**

Includes appropriation of \$120.0 million GF/GP for the Michigan Promise Grant Program, which provides students completing two years of postsecondary education at an eligible Michigan postsecondary institution with a total grant award of \$4,000. This appropriation is not included in the FY 2009-10 Higher Education conference report (HB 4441 CR-1). Under the program's current statutory provisions, the following grant payments are scheduled to be made in FY 2009-10:

- Awards of \$1,000 per year (for two years of postsecondary study) to students from the high school classes of 2008 and 2009 who qualified on the Michigan Merit Exam.
- Awards of \$2,000 or \$4,000 to students from the high school class of 2007 (the first class eligible for the program) who have now completed two years of postsecondary education.

Current estimates indicate that an appropriation of \$120.0 million would be sufficient to make payments to all students eligible for both categories of awards. (The FY 2009-10 Executive Recommendation for the program was based on a higher cost estimate of \$140.0 million.)

	Gross	\$120,000,000
Restricted		120,000,000

TREASURY**8. Statutory Revenue Sharing**

Supplements funding in FY 2009-10 General Government conference report (SB 245 CR-1*) to restore total funding for Statutory Revenue Sharing to the post-EO FY 2008-09 level.

	Gross	\$73,832,900
Restricted		73,832,900

FY 2009-10 Boilerplate Items:**HB 5403 (H-2)****TREASURY****1. Revenue Sharing**

Provides for distribution of constitutional and statutory revenue sharing appropriations, replacing language in FY 2009-10 General Government conference report. Each city, village, and township would receive a statutory revenue sharing payment equal to what that unit received in FY 2008-09 (post-EO).

Sec. 950

REPEALER**2. Revenue Sharing**

Repeals language regarding statutory revenue sharing in FY 2009-10 General Government conference report (SB 245 CR-1*).

Sec. 1001