

Senate Bill 334 (as enacted)
Sponsor: Senator Ron Jelinek
Senate Committee: Appropriations
House Committee: Appropriations

PUBLIC ACT 79 of 2009

CONTENT

The bill contains fiscal year (FY) 2008-09 supplemental appropriations for seven State departments. All of the supplemental appropriations contained in the bill were recommended for approval to the Legislature by the Office of the State Budget. The bill makes \$450.9 million of Gross appropriations of which \$327.1 million are funded with General Fund/General Purpose (GF/GP) appropriations. The primary issue being addressed in the supplemental appropriation bill is the adjustment of appropriations for current caseload, cost, and utilization estimates for a variety of State programs, including those in the Department of Community Health, the Department of Corrections, and the Department of Human Services. Table 1 provides a summary of the line-item appropriations contained in Public Act 79 of 2009. Below is a brief description of the line-item appropriations in the bill.

Department of Civil Rights

The bill provides \$285,000 of Gross and GF/GP funding for the operation of the Department. This funding is designed to avoid significant layoffs of employees in the Department that would have occurred as a result of an unanticipated reduction in Federal funds.

Department of Community Health

The bill provides \$394.2 million of Gross appropriations and \$317.8 million of GF/GP appropriations for a variety of funding adjustments. These funding adjustments include caseload, cost, utilization, and fund source adjustments in the Medicaid program. The largest of these adjustments is a fund source shift in the Medicaid program from the Quality Assurance Assessment Fund to a use tax. Funding adjustments are also provided for school-based health care programs and the closure of the Mt. Pleasant Center.

Department of Corrections

The bill provides \$20.0 million of Gross and GF/GP appropriations to support an increase in the level of paroles. This funding is part of an overall departmental plan to reduce the prison population and close facilities.

Department of History, Arts, and Libraries

The bill provides \$643,800 of Gross and GF/GP appropriations for the payment of a State lease of a private building to house the State Records Center in Lansing.

Department of Human Services

The bill provides \$26.9 million of Gross appropriations and a \$9.7 million GF/GP appropriation reduction for the Department. The funding will provide for caseload, cost, and utilization adjustments in numerous departmental programs along with the restoration of funding for State Supplemental Assistance payments. These payments were reduced by \$14 per month in Executive Order 2009-22 and the Federal government would not approve a waiver to provide this funding reduction.

Department of State Police

The bill provides for \$3.8 million of Gross appropriations for the forensic science program. This State Restricted funding offsets a GF/GP appropriation reduction contained in Executive Order 2009-22.

Department of Treasury

The bill provides \$5.5 million of Gross appropriations and a \$2.0 million GF/GP appropriation reduction for several departmental programs. These funding adjustments include the settlement of a lawsuit against the State involving oil and gas mineral rights on State land, adjustments in revenue sharing payments to cities, villages, and townships to reflect current revenue estimates, and an adjustment in revenue sharing payments to counties.

The following is a brief description of the boilerplate language contained in Public Act 79 of 2009:

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

Sec. 202. Language that subjects the appropriations in the bill to provisions of the Management and Budget Act.

Sec. 301. Language in the Department of Community Health budget dealing with the Medicaid pharmacy dispensing fee.

Sec. 302. Language in the Department of Community Health budget instructing the Department to review contract policies for the women, infants, and children program.

Sec. 351. Language in the Department of Corrections budget that modifies repealed language regarding the potential privatization of prisoner mental health services.

Sec. 352. Language in the Department of Corrections budget that modifies repealed language requiring a cost benefit analysis of the privatization proposals for prisoner mental health services.

Sec. 401. Language in the Department of Environmental Quality budget that transfers \$874,900 of funding from the Community Pollution Prevention Fund to the Environmental Protection Fund.

Sec. 601. Language in the Department of Treasury budget dealing with the adjustments to statutory revenue sharing payments to cities, villages, and townships.

Sec. 602. Language in the Department of Treasury budget dealing with the adjustments to constitutional revenue sharing payments to cities, villages, and townships.

The following is a brief summary of the language in enacted appropriation boilerplate sections that Public Act 79 repealed:

Section 207 of Public Act 245 of 2008: Repeal of language in the Department of Corrections budget dealing with the privatization of prisoner mental health services. This language is replaced with modified language in Sec. 351.

Section 207a of Public Act 245 of 2008: Repeal of language in the Department of Corrections budget requiring a cost benefit analysis of the privatization of prisoner mental health services. This language is replaced with modified language in Sec. 352.

Section 1620 of Public Act 246 of 2008: Repeal of language in the Department of Community Health budget that set the level of dispensing fees paid to pharmacies that provide prescriptions for Medicaid clients. Dispensing fees were reduced in Executive Order 2009-22. The new dispensing fees are contained in boilerplate Sec. 301 of Public Act 79.

Section 1630 of Public Act 246 of 2008: Repeal of language in the Department of Community Health budget that required the coverage of podiatric services under the Medicaid program. Executive Order 2009-22 eliminated coverage of these services effective on July 1, 2009.

Section 1634 of Public Act 246 of 2008: Repeal of language in the Department of Community Health budget that required a specific reimbursement rate for ambulance services for Medicaid clients. Executive Order 2009-22 reduced this reimbursement rate.

Section 1635 of Public Act 246 of 2008: Repeal of language in the Department of Community Health budget dealing with Medicaid reimbursement rates for obstetrical services. This language was not consistent with a reduction contained in Executive Order 2009-22.

Section 1636 of Public Act 246 of 2008: Repeal of language in the Department of Community Health budget dealing with Medicaid reimbursement rates for physicians. This language was not consistent with a reduction contained in Executive Order 2009-22.

Section 516 of Public Act 248 of 2008: Repeal of language in the Department of Human Services budget concerning a pilot child welfare project in Kent County. This language was not consistent with a reduction contained in Executive Order 2009-22.

Section 1104 of Public Act 248 of 2008: Repeal of language in the Department of Human Services budget dealing with community services block grants. This language was not consistent with a reduction contained in Executive Order 2009-22.

Section 950 of Public Act 261 of 2008: Repeal of language in the Department of Treasury budget dealing with statutory revenue sharing payments to cities, villages, and townships. The language was not consistent with a reduction contained in Executive Order 2009-22.

Section 711 of Public Act 275 of 2008: Repeal of language in the Department of Transportation budget that placed a \$7.1 million cap on the level of State subsidies for passenger rail service during FY 2008-09. This repeal was necessary to implement a \$400,000 appropriation for rail passenger service proposed in the bill.

FISCAL IMPACT

The bill contains \$450.9 million of Gross appropriations and \$327.1 million of GF/GP appropriations.

Table 1

**FY 2008-09 Supplemental Appropriations
Public Act 79 of 2009
(actual dollars)**

Department/Program	Gross Appropriations	GF/GP Appropriations
Civil Rights		
Operational Funding	\$285,000	\$285,000
Subtotal Civil Rights.....	285,000	285,000
Community Health		
Medicaid Fund Shift to Healthy Michigan Fund	3,839,700	0
Medicaid Fund Shift to Merit Award Trust Fund	5,312,500	0
Medicaid Services Caseload, Cost, Utilization	325,188,300	140,383,500
Mental Health Facilities Closure Funding	7,997,700	7,997,700
Medicaid Conversion to Use Tax	14,144,000	152,962,300
Medicaid Payment Adjustments to Providers	56,377,300	0
School-based Health Programs.....	(24,750,400)	16,500,200
State Psychiatric Hospital Payment Adjustments.....	6,119,100	0
Subtotal Community Health	394,228,200	317,843,700
Corrections		
Prisoner Re-entry Programs	12,061,300	12,061,300
Field Operations Administration.....	7,938,700	7,938,700
Subtotal Corrections	20,000,000	20,000,000
History, Arts, and Libraries		
Records Center Rent and Relocation Costs	643,800	643,800
Subtotal History, Arts, and Libraries	643,800	643,800
Human Services		
Child Support Incentive Payments.....	9,570,000	0
Legal Support Contracts	600,000	0
Child Support Automation	6,530,000	0
Family Independence Program Caseload, Cost and Utilization	30,934,200	10,934,200
State Disability Assistance Caseload, Cost and Utilization	(331,600)	(331,600)
State Supplement Income Payment Caseload, Cost and Utilization	(852,500)	(852,500)
Day Care Services Caseload, Cost and Utilization	(27,528,900)	(27,528,900)
Child Care Fund Caseload, Cost and Utilization	(1,218,800)	(1,218,800)
Adoption Subsidies Caseload, Cost and Utilization.....	(1,136,200)	(615,000)
Restore Funding for SSI State Supplemental Payments.....	9,925,600	9,925,600
Subtotal Human Services	26,491,800	(9,687,000)
State Police		
Forensic Sciences Restricted Funding	3,811,000	0
Subtotal State Police	3,811,000	0
Treasury		
Blackstone Lawsuit Settlement.....	3,500,000	(2,000,000)
Constitutional Revenue Sharing Adjustment	(21,130,000)	0
Statutory Revenue Sharing Adjustment.....	22,469,800	0
County Revenue Sharing Adjustment.....	622,400	0
Subtotal Treasury.....	5,462,200	(2,000,000)
Total	\$450,922,000	\$327,085,500

Date Completed: 9-1-09

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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.