



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 334 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Ron Jelinek
Committee: Appropriations

CONTENT

The bill contains FY 2008-09 supplemental appropriations for five State departments. The supplemental appropriations contained in Senate Bill 334 (S-1) would implement provisions of appropriation reductions contained in Executive Order 2009-22 and provide increased funding for passenger rail services in the State. These supplemental appropriations were recommended by the Office of the State Budget in formal recommendations to the Legislature dated March 12, 2009, May 5, 2009, and May 7, 2009. The bill would make \$31.4 million of Gross appropriations funded entirely with Federal and State Restricted fund sources. The table below provides a summary of the line-item appropriations contained in Senate Bill 334 (S-1). Following the table is a brief description of the line-item appropriations contained in the bill.

FY 2008-09 Supplemental Appropriations Senate Bill 334 (S-1) (actual dollars)		
Department/Program	Gross Appropriations	GF/GP Appropriations
Community Health		
Medicaid Fund Shift to State Restricted Funds.....	\$9,152,200	\$0
Human Services		
Child Support Enforcement Federal Funds.....	10,170,000	0
Child Support Automation Federal Funds.....	6,530,000	0
State Police		
Forensic Science State Restricted Revenue.....	3,811,000	0
Transportation		
Rail Passenger Service.....	400,000	0
Treasury-Revenue Sharing		
Adjustment to Reflect E.O. Savings.....	1,339,800	0
Total Supplemental Appropriations.....	\$31,403,000	\$0

Department of Community Health

The bill would provide for a \$9.2 million appropriation of additional State Restricted funds in the Medicaid program. The \$9.2 million of State Restricted funds consists of \$5.3 million of Merit Award Trust Fund revenue and \$3.8 million of Healthy Michigan Fund revenue to offset General Fund/General Purpose (GF/GP) savings contained in Executive Order 2009-22.

Department of Human Services

The bill would provide for the appropriation of \$16.7 million of Federal funds to offset GF/GP appropriation reductions contained in Executive Order 2009-22. The source of these additional Federal funds is the American Recovery and Reinvestment Act of 2009 (ARRA). The Federal ARRA funds would be appropriated in the Child Support Enforcement Program and in the Child Support Automation Program.

Department of State Police

The bill would provide for the appropriation of \$3.8 million of State Restricted funds to offset GF/GP appropriation reductions contained in Executive Order 2009-22. The source of these State Restricted funds is State services fee funds and the additional funding that resulted from Executive Order 2009-22 reductions in the Department of Agriculture. These additional State Restricted funds would be appropriated for laboratory operations in the Forensic Science Program.

Department of Transportation

The bill would provide for the appropriation of \$400,000 of State Restricted funding for passenger rail service. The source of the funding is the State Comprehensive Transportation Fund. The initial State subsidy for Amtrak passenger rail service on the Pere Marquette line (Grand Rapids to Chicago) and the Blue Water line (Port Huron to Chicago) expires on June 30, 2009. This supplemental appropriation will allow this rail service to continue through the balance of FY 2008-09.

Department of Treasury

The bill provides for a \$1.4 million increase in the Gross appropriation for revenue sharing payments. The adjustment is necessary to implement the \$40.0 million revenue sharing reduction contained in Executive Order 2009-22 and to adjust for revised revenue estimates.

The following is a brief summary of the boilerplate language contained in Senate Bill 334 (S-1):

Sec. 201: Reporting language regarding payments to local units of government contained in the bill.

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

Sec. 301: Language in the Department of Community Health boilerplate that would adjust the pharmaceutical dispensing fees to make them consistent with a reduction contained in Executive Order 2009-22. This language would replace current law language in Section 1620 of Public Act 246 of 2008, the Department of Community Health budget. The bill would repeal that section.

Sec. 401: Language in the Department of Environmental Quality boilerplate that would appropriate \$874,900 of surplus funds in the Community Pollution Fund to the Environmental Protection Fund. These funds then would be appropriated as a contingency fund transfer to offset an \$874,900 appropriation reduction in Executive Order 2009-22.

Sec. 501: Language in the Department of Transportation that would implement the \$400,000 operating subsidy for the continuation of rail passenger services in the State.

Sec. 601 and 602: Language in the Department of Treasury boilerplate that would implement the \$41.5 million of reductions in revenue sharing payments contained Executive Order 2009-22. This language would replace current law language in Section 950 of Public Act 261 of 2008, the Department of Treasury budget. The bill would repeal that section.

The following is a brief summary of the language in existing appropriation boilerplate sections that the bill would repeal:

Section 269 of Public Act 246 of 2008: Repeal of language in the Department of Community Health budget that requires the maintenance of all reimbursement procedures and policies for mental health pharmaceuticals for Medicaid clients that were in place during FY 2005-06. This language is not consistent with a reduction contained in Executive Order 2009-22.

Section 1620 of Public Act 246 of 2008: Repeal of language in the Department of Community Health budget that sets 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 Senate Bill 334 (S-1).

Section 1625 of Public Act 246 of 2008: Repeal of language in the Department of Community Health budget that requires all atypical antipsychotic medications to be on the State's preferred drug list. This language is not consistent with a reduction contained in Executive Order 2009-22.

Section 1630 of Public Act 246 of 2008: Repeal of language in the Department of Community Health budget that requires 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 requires 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 is 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 is 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 is 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 is 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 is not consistent with a reduction contained in Executive Order 2009-22.

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

FISCAL IMPACT

The bill contains \$31.4 million of Gross supplemental appropriations for FY 2008-09. These appropriations relate to appropriation reductions contained in Executive Order 2009-22.

Date Completed: 6-19-09

Fiscal Analyst: Gary S. Olson

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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.