



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4112 (Substitute S-1 as reported)
Sponsor: Representative Joseph Haveman
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The bill would provide supplemental appropriations for fiscal year (FY) 2012-13 and FY 2013-14. The bill includes caseload and cost adjustments that were recommended by the Governor in February, and revised at the May Consensus Revenue Estimating Conference, for the Departments of Community Health, Education, Human Services, and Treasury. These caseload and cost changes reduce Adjusted Gross appropriations by \$778.3 million and reduce General Fund/General Purpose (GF/GP) appropriations by \$59.3 million. There are Adjusted Gross appropriation changes in the Department of Human Services to reflect additional funding of \$57.7 million originally proposed by the State Budget Office (SBO) as legislative contingency fund transfers, and an increase of \$100,000 in private funds for the Department of Corrections that also was originally proposed by the SBO as a contingency fund transfer. The bill includes appropriations of \$25.6 million GF/GP pursuant to the SBO's May 31, 2013 letter that certified overspending in the Departments of Agriculture and Rural Development (\$500,000), Human Services (\$20.0 million), and Military and Veterans Affairs (\$5.1 million). There are also \$8.3 million of other GF/GP appropriations agreed to as part of the leadership budget agreement, as well as a legislatively initiated \$350,000 cooperative education grant, a \$100,000 waterway study grant, and \$600 for capital outlay construction and planning grants. Table 1 summarizes the FY 2012-13 appropriations in the bill.

Table 1
Summary of FY 2012-13 Supplemental Appropriations

Budget Area	Adjusted Gross	Federal	Local/ Private	State Restricted	GF/GP
Ag & Rural Development	\$500,000	\$0	(\$75,000)	(\$425,000)	\$1,000,000
Attorney General	0	0	0	0	0
Capital Outlay	700	0	0	0	700
Community Health	(96,589,200)	(71,261,000)	6,125,300	(1,183,300)	(30,270,200)
Corrections	2,581,700	0	2,581,700	0	0
Education	(15,597,700)	(15,947,700)	0	0	350,000
Human Services	(553,288,300)	(542,606,200)	3,627,400	(14,745,000)	435,500
Judiciary	668,300	668,300	0	(820,000)	820,000
Licensing & Reg. Affairs	3,800,000	0	0	1,000,000	2,800,000
Military & Vets Affairs	5,136,500	0	0	0	5,136,500
Natural Resources	100,000	0	0	0	100,000
State Police	6,000,000	0	0	4,000,000	2,000,000
Tech., Mgt., & Budget	1,000,000	0	0	0	1,000,000
Transportation	15,396,600	10,000,000	0	5,396,600	0
Treasury-Operations	(9,192,300)	250,000	0	57,700	(9,500,000)
Treasury-Strategic Fund	1,220,800	0	0	0	1,220,800
Total	\$(638,262,900)	\$(618,896,600)	\$12,259,400	\$(6,719,000)	\$(24,906,700)

FISCAL IMPACT

The bill reduces FY 2012-13 Adjusted Gross appropriations by \$638.3 million and reduces State GF/GP appropriations by \$24.9 million. The bill includes appropriations for 15 State budget areas, as well as capital outlay. [Table 2](#) outlines the Executive, House, and Senate recommendations by budget area and program.

Boilerplate Language Sections: FY 2012-13

Sec. 201. General. Records amount of total State spending and payments to local units of government.

Sec. 202. General. Subjects appropriations and expenditures in the bill to the provisions of the Management and Budget Act.

Sec. 301. Capital Outlay. Revises the total authorized cost for Michigan State University's bio-engineering facility project from \$40.3 million to \$57.7 million, with an MSU share of \$27.7 million and a State Building Authority (SBA) share of \$30.0 million. The \$17.4 million increase would be funded entirely by MSU. (SBO letter October 25, 2012)

Sec. 302. Capital Outlay. Approves and authorizes the leases and conveyances for SBA financing for nine university projects, nine community college projects, and various State agency projects for which construction authorization has already been approved; specifies that the Legislature will appropriate sufficient amounts annually to pay the rent obligations.

Sec. 303. Capital Outlay. Approves and authorizes the leases and conveyances for SBA financing for the Lake Superior State University School of Business project and the State Emergency Operations Center; specifies that the Legislature will appropriate sufficient amounts annually to pay the rent obligation. (SBO letter February 7, 2013/SBO request 2013-4)

Sec. 401. Community Health. Allocates \$5.0 million in private revenue for the Michigan-Illinois Alliance Medicaid Management Information Systems Project.

Sec. 451. Education. Allocates \$350,000 GF/GP for a grant to a district that enrolls new pupils because it entered into a cooperative education program agreement between June 1, 2013 and June 30, 2013, to provide for the education of students in grades 9 to 12; the Albion/Marshall districts' recent agreement would fit this criteria.

Sec. 501. Licensing and Regulatory Affairs. Establishes the appropriation for the Unemployment Insurance Agency's (UIA's) expanded fraud control program as a work project and allows carry forward of any unencumbered or unallotted funds.

Sec. 502. Licensing and Regulatory Affairs. Designates the appropriation for the UIA's expanded fraud control program as an advance on future collections of contingent fund, penalty and interest revenue, and requires repayment to the State no later than September 30, 2015.

Sec. 503. Licensing and Regulatory Affairs. Allocates the funds appropriated for the Bureau of Fire Services, to the Firefighters Training Council; requires funds to be spent pursuant to the Michigan Fireworks Safety Act.

Sec. 601. Military and Veterans Affairs. Increases the cost of the Grand Rapids Veterans' Home canopy project from \$500,000 to \$1.6 million. The \$1.1 million increase would be funded with \$1,040,000 in Federal revenue and \$60,000 in State GF/GP revenue.

Sec. 650. Natural Resources. Requires the funds appropriated for the Grand River waterways study to be used for a study on the depth of the river from Lake Michigan to Grand Rapids and the cost of dredging that section.

Sec. 701. State Police. Establishes the appropriation for the DNA analysis program as a work project and allows carry forward of any unencumbered or unallotted funds.

Sec. 702. State Police. Appropriates \$4.0 million from the unencumbered balance of the lawsuits settlement proceeds fund to the State forensic laboratory fund.

Sec. 801. Technology, Management, and Budget. Establishes parameters for the Information Technology Innovation Fund.

Sec. 901. Treasury. Establishes the appropriation within the tax and economic policy line-item for the upgrade of the fuel tracking information technology system as a work project, and allows carry forward of any unencumbered or unallotted funds.

Boilerplate Language Sections: FY 2013-14

Sec. 1201. General. Records amount of total State spending and payments to local units of government.

Sec. 1202. General. Subjects appropriations and expenditures in the bill to the provisions of the Management and Budget Act.

Date Completed: 6-19-13

Fiscal Analyst: Ellen Jeffries
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Table 2

House Bill 4112: FY 2012-13/FY 2013-14 Supplemental Appropriations

Department/Program	Governor's Recommendation		House-Passed		Senate Appropriations	
	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP
Agriculture and Rural Development						
Pesticide/pest management revenue shortfall (5/31/13).....	\$0	\$500,000	\$0	\$500,000	\$0	\$500,000
Bovine tuberculosis testing	500,000	500,000	500,000	500,000	500,000	500,000
Total Agriculture and Rural Development.....	\$500,000	\$1,000,000	\$500,000	\$1,000,000	\$500,000	\$1,000,000
Attorney General						
IDGs for builders, fireworks, estate recovery = \$839,500	\$0	\$0	\$0	\$0	\$0	\$0
Total Attorney General	\$0	\$0	\$0	\$0	\$0	\$0
Capital Outlay						
LSSU business building-construction authorization.....	\$100	\$100	\$100	\$100	\$100	\$100
State emergency operations center-construction authorization	0	0	0	0	100	100
SVSU Wickes Hall-planning.....	0	0	0	0	100	100
Macomb CC south campus renovation-planning.....	0	0	0	0	100	100
Muskegon CC science laboratory center-planning	0	0	0	0	100	100
Southwestern CC science/allied health-planning	0	0	0	0	100	100
Kalamazoo CC healthy living campus-planning	0	0	0	0	100	100
Total Capital Outlay.....	\$100	\$100	\$100	\$100	\$700	\$700
Community Health						
Medicaid cost adjustments (February/May consensus).....	(\$157,244,500)	(\$50,155,800)	(\$157,244,500)	(\$50,155,800)	(\$157,244,500)	(\$50,155,800)
Adjust savings from pilot for integration of dual eligibles	29,828,700	10,025,400	29,828,700	10,025,400	29,828,700	10,025,400
Adjust medical/children's special health care services	25,816,900	9,860,200	25,816,900	9,860,200	25,816,900	9,860,200
Replace \$137 million HICA revenue with MBTF/MMATF	0	0	0	0	0	0
Private grant for response to county health rankings	9,700	0	9,700	0	9,700	0
Michigan-Illinois alliance Medicaid management project.....	5,000,000	0	5,000,000	0	5,000,000	0
Total Community Health	(\$96,589,200)	(\$30,270,200)	(\$96,589,200)	(\$30,270,200)	(\$96,589,200)	(\$30,270,200)
Corrections						
Local revenue to operate Detroit detention center.....	\$2,481,700	\$0	\$2,481,700	\$0	\$2,481,700	\$0
Vera Institute grant for postsecondary pilot project	100,000	0	100,000	0	100,000	0
Total Corrections.....	\$2,581,700	\$0	\$2,581,700	\$0	\$2,581,700	\$0
Education						
Child development caseload savings (May consensus)	(\$15,947,700)	\$0	(\$15,947,700)	\$0	(\$15,947,700)	\$0
Cooperative education grant.....	0	0	350,000	350,000	350,000	350,000
Total Education.....	(\$15,947,700)	\$0	(\$15,597,700)	\$350,000	(\$15,597,700)	\$350,000
Human Services						
Assistance/child welfare caseload (May consensus).....	(\$651,297,700)	(\$19,564,500)	(\$651,297,700)	(\$19,564,500)	(\$651,297,700)	(\$19,564,500)
Family independence program litigation payments	15,000,000	0	15,000,000	0	15,000,000	0
Contingency fund transfer requests	57,709,400	0	57,709,400	0	57,709,400	0
Projected overspending (SBO 5/31/13 letter).....	25,300,000	20,000,000	25,300,000	20,000,000	25,300,000	20,000,000
Total Human Services	(\$553,288,300)	\$435,500	(\$553,288,300)	\$435,500	(\$553,288,300)	\$435,500
Judiciary						
Federal grant for appellate public defender program.....	\$418,300	\$0	\$418,300	\$0	\$418,300	\$0
Federal grant for drug treatment courts.....	250,000	0	250,000	0	250,000	0
Replace revenue shortfall in court fee fund with General Fund	0	820,000	0	820,000	0	820,000
Total Judiciary.....	\$668,300	\$820,000	\$668,300	\$820,000	\$668,300	\$820,000

House Bill 4112: FY 2012-13/FY 2013-14 Supplemental Appropriations

Department/Program	Governor's Recommendation		House-Passed		Senate Appropriations	
	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP
Licensing and Regulatory Affairs						
Replace worker's comp MBT tax credits with General Fund.....	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Expand unemployment agency fraud control program	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Increase for firefighters training council (fireworks revenue).....	1,000,000	0	1,000,000	0	1,000,000	0
Total Licensing and Regulatory Affairs.....	\$3,800,000	\$2,800,000	\$3,800,000	\$2,800,000	\$3,800,000	\$2,800,000
Military and Veterans Affairs						
Grand Rapids vets home resident aide contract delay (5/31/13) ..	\$5,136,500	\$5,136,500	\$5,136,500	\$5,136,500	\$5,136,500	\$5,136,500
Total Military and Veterans Affairs	\$5,136,500	\$5,136,500	\$5,136,500	\$5,136,500	\$5,136,500	\$5,136,500
Natural Resources						
Grand River waterway study.....	\$0	\$0	\$0	\$0	\$100,000	\$100,000
Total Natural Resources	\$0	\$0	\$0	\$0	\$100,000	\$100,000
State Police						
Provide trooper/local agency security at events	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Testing for sexual assault kits (lawsuit proceeds fund).....	4,000,000	0	4,000,000	0	4,000,000	0
Total State Police.....	\$6,000,000	\$2,000,000	\$6,000,000	\$2,000,000	\$6,000,000	\$2,000,000
Technology, Management, and Budget						
First year SBA funding for LSSU business building.....	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000
Planning grant for new Marshall State Police post	100,000	100,000	100,000	100,000	100,000	100,000
Change boilerplate for info technology innovation fund	0	0	0	0	0	0
Total Technology, Management, and Budget	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Transportation						
Local bus operating assistance (CTF revenue)	\$5,396,600	\$0	\$5,396,600	\$0	\$5,396,600	\$0
Federal TIGER IV grant for Detroit multimodal projects	10,000,000	0	10,000,000	0	10,000,000	0
Total Transportation.....	\$15,396,600	\$0	\$15,396,600	\$0	\$15,396,600	\$0
Treasury-Operations						
Upgrade Michigan/Virginia/Kentucky fuel tracking IT system	\$250,000	\$0	\$250,000	\$0	\$250,000	\$0
Convert MSHDA director to unclassified position	57,700	0	57,700	0	57,700	0
Nonpublic dual enrollment savings (May consensus).....	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)
Total Treasury-Operations	(\$9,192,300)	(\$9,500,000)	(\$9,192,300)	(\$9,500,000)	(\$9,192,300)	(\$9,500,000)
Treasury-Strategic Fund						
Replace land bank fast track revenue shortfall with General Fund	\$1,220,800	\$1,220,800	\$1,220,800	\$1,220,800	\$1,220,800	\$1,220,800
Total Treasury-Strategic Fund.....	\$1,220,800	\$1,220,800	\$1,220,800	\$1,220,800	\$1,220,800	\$1,220,800
Total FY 2012-13 Supplemental Appropriations	(\$638,713,500)	(\$25,357,300)	(\$638,363,500)	(\$25,007,300)	(\$638,262,900)	(\$24,906,700)
FY 2013-14						
Transportation: Municipal credit program (CTF revenue).....	\$0	\$0	\$0	\$0	\$2,000,000	\$0
Total FY 2013-14 Supplemental Appropriations	\$0	\$0	\$0	\$0	\$2,000,000	\$0

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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.