

**SENATE FISCAL AGENCY
 MEMORANDUM**

DATE: March 12, 2007
TO: Members of the Senate
FROM: Gary S. Olson, Director
RE: Supplemental Appropriation Bill

The Senate approved Senate Bill 166 (S-1) on February 14, 2007, and the House of Representatives approved Senate Bill 166 (H-4) on March 7, 2007. Senate Bill 166 (H-4) is currently on the Senate Calendar under Messages from the House. Senate Bill 166 authorizes supplemental appropriations for both FY 2005-06 and FY 2006-07. The FY 2005-06 supplemental appropriations contained in both the Senate- and House-passed versions of the bill provide for appropriation authorization for a portion of the departmental year-end overexpenditures in the Departments of Corrections, Human Services, and State Police. The Senate- and House-passed version of Senate Bill 166 contained these FY 2005-06 supplemental appropriations in identical forms.

The Senate-passed version of Senate Bill 166 also tied barred the passage of the bill to the enactment of Senate Bill 184. Senate Bill 184, as approved by the Senate on February 14, 2007, amended provisions of the Management and Budget Act dealing with the issue of departmental appropriation overexpenditures. The House-passed version of Senate Bill 166 removed this tie bar to Senate Bill 184. However, the House of Representatives did approve Senate Bill 184 on March 8, 2007.

The House-passed version of Senate Bill 166 also included two departmental supplemental appropriations for FY 2006-07. These departments are Capital Outlay and Corrections.

Table 1 provides a summary of the FY 2005-06 line-item supplemental appropriations contained in the Senate-passed version of Senate Bill 166. The following information summarizes the line-item and boilerplate sections of the Senate-passed bill:

Line-Item Appropriations

The following information summarizes the line-item appropriations in Senate Bill 166 (S-1):

Department of Corrections: The bill provides for \$15.4 million of Gross and GF/GP appropriations to cover appropriation overexpenditures that occurred in the Department at the close of the fiscal year. The Senate substitute includes \$1.7 million of Gross and GF/GP appropriations not recommended by the OSB. These additional appropriations are a result of not concurring with the OSB recommendation to bond, through the State Building Authority, for a portion of departmental overexpenditures in information technology accounts. The passage of these supplemental appropriations will provide the authorization for the Department to pay vendors for services already rendered to the State.

Department of Environmental Quality: The bill provides for a \$300,000 fund shift in State Restricted revenue to accurately record the revenue in the proper appropriation account.

Department of Human Services: The bill provides for \$30.7 million of Gross and GF/GP appropriations to cover appropriation overexpenditures that occurred in the Department at the close of the fiscal year. The passage of these supplemental appropriations will provide authorization for the Department to pay vendors for services already rendered by the State.

Michigan Strategic Fund Agency: The bill provides for \$8.0 million of Gross appropriations, financed with Federal funds, for the community development block grant program. The passage of this supplemental appropriation provides for the authorization of these funds which have already been expended.

Department of Military and Veterans Affairs: The bill provides for \$0.7 million of Gross appropriations, financed with Federal funds, for the Grand Rapids Veterans Home. The passage of this supplemental provides for the authorization of these funds which have already been expended.

Department of State Police: The bill provides for \$3.6 million of Gross and GF/GP appropriations to cover overexpenditures that occurred in the Department at the close of the fiscal year. The Senate substitute includes \$0.3 million of Gross and GF/GP appropriations not recommended by the OSB. These additional appropriations are a result of not concurring with the OSB recommendation to bond, through the State Building Authority, for a portion of departmental overexpenditures in information technology accounts. The passage of these supplemental appropriations will provide the authorization for the Department to pay vendors for services already rendered to the State.

Boilerplate Language

Senate Bill 166 (S-1) contains the following boilerplate language sections:

Sec. 201. General language identifying any payments to local units of government in the bill.

Sec. 202. General language that subjects the appropriations made in the bill to the Management and Budget Act (Public Act 431 of 1984).

Sec. 301. Capital Outlay language that authorizes the expenditure of lapsed funds appropriated for special maintenance projects in the Departments of Community Health, Corrections, Human Services, Management and Budget, Military Affairs, and State Police be expended for special maintenance projects in the Department of Corrections for the fiscal year ending September 30, 2006. This language implements a budget target agreement.

Sec. 501 (1). Repeals Section 501 of Public Act 158 of 2005, the FY 2005-06 Department of Transportation appropriation bill. This repeal allows the Department of State Police to carry forward unspent motor carrier fees to address a one-time revenue shortfall in FY 2006-07.

Sec. 501 (2). Repeals Section 502 of Public Act 341 of 2006, the FY 2006-07 Community College appropriation bill. This repeal eliminates a requirement for audits on community college data that is no longer used to distribute community college funding.

Enacting Section 1. This enacting section tie bars Senate Bill 166 (S-1) to Senate Bill 184 that amends two sections of the Management and Budget Act dealing with appropriation overexpenditures.

The House-passed version of Senate Bill 166 contained the Senate-passed FY 2005-06 line-item appropriations and the House added the following FY 2006-07 appropriation line-items:

Capital Outlay: The House included \$162.9 million of Federal, local, and State Restricted funding for airport improvement projects. This funding was approved by the Legislature in December of 2006 and vetoed by the Governor. This funding will provide local airport the authority to begin security and general improvement projects at airports across the State.

Capital Outlay: The House included \$5.0 million of Gross and GF/GP appropriations for the funding of the construction of an airport hanger at the Wurtsmith Airport in Iosco County. This hanger will be utilized by a private firm providing aircraft maintenance services.

Corrections: The House included \$12.6 million of Gross and GF/GP appropriations for prisoner health care. The funding will be used to fully made payments to Correctional Medical Services Incorporated. This private firm provides a portion of the overall medical services for Michigan prison inmates.

The House-passed version of Senate Bill 166 also included general boilerplate language regarding the FY 2006-07 appropriations for Capital Outlay.

/kjh

c: Ellen Jeffries, Deputy Director

Table 1

**FY 2005-06 Supplemental Summary
Senate Bill 166 (S-1)**

Department/Program	Gross Appropriation	GF/GP Appropriation
Corrections		
Shift \$4.0 million from Prisoner Reintegration.....	\$ (4,000,000)	\$ (4,000,000)
Policy and Strategic Planning	182,200	182,200
Lapses (administration, field operations, community corrections, consent decrees).....	(247,600)	(247,600)
Prisoner Health Care.....	17,359,500	17,359,500
Lapses (SE and SW Correctional Facilities).....	(42,100)	(42,100)
Information Technology (adjusted for no bonding)	<u>2,195,800</u>	<u>2,195,800</u>
Subtotal	\$15,447,800	\$15,447,800
Environmental Quality		
Field Permitting Fund Source Shift (\$300,000 restricted).....	<u>\$0</u>	<u>\$0</u>
Subtotal	\$0	\$0
Human Services		
Foster care Payments Fund Source	\$0	\$0
Wayne County Foster Care Fund Source.....	0	0
Executive Operations Lapses	(624,900)	(624,900)
Child Support Enforcement Lapses	(916,600)	(916,600)
Adult/Family Services Lapses	(1,586,400)	(1,586,400)
Child/Family Services Lapses	(1,187,300)	(1,187,300)
Juvenile Justice Lapses	(478,200)	(478,200)
Local Office Staff/Operations Lapses	(1,267,500)	(1,267,500)
Disability Determination Lapses.....	(165,700)	(165,700)
Central Support Lapses	(711,700)	(711,700)
Children/Adult Licensing Lapses.....	(260,200)	(260,200)
Information Technology Lapses.....	(4,959,400)	(4,959,400)
Public Assistance Lapses	(43,000)	(43,000)
Family Independence Program Overexpenditure	<u>42,906,400</u>	<u>42,906,400</u>
Subtotal	\$30,705,500	\$30,705,500
Michigan Strategic Fund		
Community Development Block Grant (Federal funds)	<u>\$8,000,000</u>	<u>\$0</u>
Subtotal	\$8,000,000	\$0
Military and Veterans Affairs		
Grand Rapids Veterans' Home (Federal funds).....	<u>\$700,000</u>	<u>\$0</u>
Subtotal	\$700,000	\$0
State Police		
Fleet Leasing.....	\$1,651,300	\$1,651,300
Human Resources Optimization	(4,400)	(4,400)
Emergency Management	30,000	30,000
Information Technology (adjusted for no bonding)	<u>1,908,400</u>	<u>1,908,400</u>
Subtotal	\$3,585,300	\$3,585,300
Total.....	<u>\$58,438,600</u>	<u>\$49,738,600</u>