

MULTIDEPARTMENTAL BUDGET: FYs 2011-12 and 2012-13
Summary: As Reported by the House Appropriations Committee
House Bill 4525 (H-1)



TOTAL APPROPRIATIONS BY BUDGET AREA

Budget Area	FY 2011-12 Appropriations		FY 2012-13 Anticipated Appropriations	
	Gross	GF/GP	Gross	GF/GP
Community Health (Page 1)	\$13,930,539,100	\$2,683,457,200	\$14,370,554,100	\$2,904,904,000
Education (Page 80)	115,313,000	20,013,900	116,759,100	20,253,200
Human Services (Page 113)	6,858,436,000	1,066,207,600	6,900,780,900	1,154,444,300
TOTAL	\$20,904,288,100	\$3,769,678,700	\$21,388,094,100	\$4,079,601,500

DEPARTMENT OF COMMUNITY HEALTH: FYs 2011-12 and 2012-13
Summary: As Reported by the House Appropriations Committee
Article I, HB 4525 (H-1)



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	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 House	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 House	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$54,020,800	\$4,528,700	(\$49,492,100)	(91.6)	\$4,528,700	\$0	0.0
Federal							
ARRA	650,327,000	0	(650,327,000)	(100.0)	0	0	0.0
Non-ARRA	8,823,718,200	8,746,547,600	(77,170,600)	(0.9)	8,964,967,300	218,419,700	2.5
Local	235,104,200	248,228,900	13,124,700	5.6	250,030,200	1,801,300	0.7
Private	88,103,600	96,694,700	8,591,100	9.8	96,694,700	0	0.0
Restricted	1,851,347,100	2,151,082,000	299,734,900	16.1	2,149,429,200	(1,652,800)	(0.1)
GF/GP	2,421,483,700	2,683,457,200	261,973,500	10.8	2,904,904,000	221,446,800	8.3
Gross	\$14,124,104,600	\$13,930,539,100	(\$193,565,500)	(1.4)	\$14,370,554,100	\$440,015,000	3.2
FTEs	4,398.8	4,030.0	(368.8)	(8.4)	4,030.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) FY 2012-13 figures are projected or proposed only and would not be legally-binding appropriations.

Overview

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs, including Medicaid. Established in 1996, the Department also includes the Office of Services to the Aging, the Crime Victim Services Commission, and health regulatory functions.

Executive Part 1 Appropriations: The Executive proposes to roll-up the budget into 6 appropriation line items, a reduction from 143 line items in the current year budget.

House Appropriations: The House does not concur with the Executive to roll-up the budget into 6 appropriation line items.

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	House Changes	
			FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
1. Economic Adjustments	Gross	N/A	\$22,464,200	\$0
The House concurs with the Executive to include a net increase of \$22.5 million gross (\$10.3 million GF/GP) to finance economic adjustments for pension and retiree insurance (defined benefit and contribution), insurance, workers' compensation, building occupancy, and gas, fuel, and utility costs for FY 2011-12. Does not include economic adjustments for employees' salaries and wages and food provided to clients in state-operated facilities for individuals with mental illness and developmental disabilities.	IDG	N/A	35,700	0
	Federal	N/A	4,511,800	0
	Restricted	N/A	1,501,500	0
	Local	N/A	6,118,900	0
	Private	N/A	2,800	0
	GF/GP	N/A	\$10,293,500	\$0
2. Retirement Adjustments	Gross	N/A	(\$5,024,300)	\$13,031,100
The House concurs with the Executive projections of FY 2011-12 early retirement savings of \$5.0 million gross (\$3.5 million GF/GP). The House also concurs with the Executive's proposal of FY 2012-13 active and retiree insurance and pension adjustment of \$13.0 million gross (\$7.6 million GF/GP).	Federal	N/A	(899,100)	3,709,200
	Restricted	N/A	0	1,254,200
	Local	N/A	(607,800)	447,800
	GF/GP	N/A	(\$3,517,400)	\$7,619,900

House Changes

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
3. Community Health Automated Medical Processing System (CHAMPS) Funding	Gross	N/A	\$8,922,600	\$0
The <u>House</u> concurs with the <u>Executive</u> to add \$8.9 million gross (\$1.2 million GF/GP) for the Medicaid automated claims processing system, referred to as CHAMPS, to meet federal requirements for enhancements related to the Health Insurance Portability and Accountability Act (HIPAA).	Federal	N/A	7,768,000	0
	GF/GP	N/A	\$1,154,600	\$0
4. Actuarially Sound Capitation Payment Rates Adjustment	Gross	\$6,088,703,100	\$0	\$0
Concurring with the <u>Executive</u> , the <u>House</u> does not recommend actuarial soundness adjustments in FY 2011-12 for Health Plans and Prepaid Inpatient Health Plans as it has been determined, at this time, no funding adjustments are necessary to ensure capitation payment rates are actuarially sound. These types of adjustments have been included in the DCH budget since FY 2004-05.	Federal	4,004,215,300	0	0
	ARRA	328,031,800	0	0
	Restricted	971,718,500	0	0
	Local	34,887,900	0	0
	GF/GP	\$749,849,600	\$0	\$0
5. Mental Health Services for Special Populations Program Reduction	Gross	\$6,873,800	(\$6,873,800)	\$0
The <u>House</u> does not concur with the <u>Executive</u> to reduce funding for mental health services for special populations and groups such as Chinese American, Asian American, Hispanics, Arab/Chaldean, ACCESS, Michigan Inter-Tribal Council, Jewish Federation, Chaldean Community Foundation, and Vietnam Veterans by \$1,031,000 GF/GP, an adjustment which represents a 15.0% reduction from current funding for this program. The House eliminates funding for this line item.	GF/GP	\$6,873,800	(\$6,873,800)	\$0
6. Community Mental Health (CMH) Non-Medicaid Services and Administrative Reduction	Gross	\$282,275,100	(\$8,483,300)	\$0
The <u>House</u> concurs with the <u>Executive</u> to reduce non-Medicaid services provided to individuals with mental illness and developmental disabilities by community mental health services programs (CMHSPs) and related administrative costs by \$8.5 million GF/GP, a budgetary change which represents a 3.0% reduction from current funding for the CMH non-Medicaid line item. According to the DCH, up to \$3.4 million GF/GP of the proposed reduction is related to administrative services and the remaining \$5.1 million GF/GP is related to non-Medicaid services provided to individuals. (Sec. 462)	GF/GP	\$282,275,100	(\$8,483,300)	\$0
7. Substance Abuse Services and Administrative Funding	Gross	\$85,758,300	(\$8,310,000)	\$0
The <u>House</u> concurs with the <u>Executive</u> to reduce administrative costs for coordinating agencies by \$152,900 GF/GP and eliminate one-time funding of \$1.0 million GF/GP for a community health outreach program provided by Self-Help Addiction Rehabilitation (SHAR) Inc. The House does not concur with the following proposals by the Executive: \$224,300 GF/GP reduction for the State Disability Assistance Program Substance Abuse Services line item; and \$165,000 GF/GP reduction for the Salvation Army Harbor Light Program and Odyssey House. Instead, the House eliminates funding for the State Disability Assistance Program (\$2,243,100 GF/GP) and the Salvation Army Harbor Light Program and Odyssey House (\$999,900 GF/GP).	Federal	65,893,900	(3,914,100)	0
	ARRA	277,700	0	0
	Restricted	3,051,100	0	0
	GF/GP	\$16,535,600	(\$4,395,900)	\$0
8. Children's Waiver Home Care Program Reduction	Gross	\$21,049,800	(\$2,105,000)	\$0
Concurring with the <u>Executive</u> , the <u>House</u> includes a reduction of \$2,105,000 gross (\$712,800 GF/GP) for the Children's Waiver Home Care Program that provides home and community-based services for 464 eligible children with developmental disabilities. The DCH will be reviewing administrative and regulatory requirements to implement efficiencies and hopes to capture unspent authorization for the waiver program.	Federal	14,361,800	(1,392,200)	0
	ARRA	1,066,000	0	0
	GF/GP	\$5,622,000	(\$712,800)	\$0

House Changes

Major Budget Changes From FY 2010-11 YTD Appropriations	FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
9. Forensic Mental Health Services Provided to the Department of Corrections (DOC) Transfer	FTE 396.3	(396.3)	0.0
The <u>House</u> concurs with the <u>Executive</u> to transfer almost 400 staff positions associated with \$50.5 million interdepartmental grant from the DOC as the Department of Community Health will no longer be responsible for providing mental health services to prisoners under the jurisdiction of DOC. The effective date of the transfer was February 20, 2011. Michigan's Mental Health Code allows DOC to contract with DCH or third-party providers to operate the mental health program.	Gross \$50,527,800	(\$50,527,800)	\$0
	IDG 50,527,800	(50,527,800)	0
	GF/GP \$0	\$0	\$0
10. Criminal Background Check Program Funding	FTE 5.5	(5.5)	0.0
Concurring with the <u>Executive</u> , the <u>House</u> eliminates funding of \$2.7 million gross (\$2.2 million GF/GP) for the Criminal Background Check Program for employees of homes for the aged and adult foster care facilities by assuming that these facilities will be required to pay the costs for this program. Statutory changes to the Public Health Code and Adult Foster Care Facility Licensing Act are required in order to realize the proposed savings. (FTE-related economics adjustments are included in item 1.)	Gross \$2,705,400	(\$2,705,400)	\$0
	Federal 542,900	(542,900)	0
	GF/GP \$2,162,500	(\$2,162,500)	\$0
11. Health Facility Licensure Fees	Gross \$21,322,200	\$0	\$0
The <u>House</u> does not concur with the <u>Executive</u> of assuming savings of \$4.4 million GF/GP by increasing the licensure fees for health facilities such as nursing homes, freestanding surgical outpatient facilities, and hospitals. Statutory changes to the Mental Health Code and Public Health Code are required in order to realize the proposed savings. (FTE-related economics adjustments are included in item 1.)	Federal 15,010,700	0	0
	Restricted 1,699,900	0	0
	Private 200,000	0	0
	GF/GP \$4,411,600	\$0	\$0
12. Essential Local Public Health Services Reduction	Gross \$39,082,800	(\$3,393,300)	\$0
The <u>House</u> increases reductions over the <u>Executive</u> and reduces GF/GP funding to the state's 45 local public health departments by \$3.4 million (10%), affecting most state and local cost-shared services: immunizations, infectious disease control, sexually transmitted disease control and prevention, food protection, public water supply, private groundwater supply, and on-site sewage management. Hearing and vision screening programs funded by this line item are not affected. The <u>Executive</u> proposed a 5% GF/GP reduction.	Local 5,150,000	0	0
	GF/GP \$33,932,800	(\$3,393,300)	\$0
13. Healthy Michigan Prevention Funding Reduction	FTE N/A	(1.0)	0.0
The <u>House</u> eliminates all but one Healthy Michigan funded public health prevention project and shifts \$10.3 million of Healthy Michigan Funds to Medicaid match, for GF/GP savings. Public health project allocations from the Fund are reduced to \$805,200. Medicaid program allocations from the Fund are increased to \$33.4 million. Medicaid program also receives \$194,200 in additional Fund revenue, for additional GF/GP savings. Healthy Michigan Fund appropriations total \$34.2 million. The <u>Executive</u> proposed a \$1.0 million project cut and shift to Medicaid.	Gross \$33,981,700	(\$10,113,700)	\$0
	Restricted 33,981,700	194,200	0
	GF/GP \$0	(\$10,307,900)	\$0
14. Public Health Laboratory Services and Facilities	Gross \$250,000	(\$250,000)	\$0
The <u>House</u> concurs with the <u>Executive</u> and eliminates final year funding of \$250,000 GF/GP for the Upper Peninsula regional public health laboratory in Houghton.	GF/GP \$250,000	(\$250,000)	\$0
15. Public Health Projects Eliminated	Gross \$425,000	(\$425,000)	\$0
The <u>House</u> eliminates funding for the following public health projects: traumatic brain injury pilot projects \$200,000 Gross (\$100,000 GF/GP), stillbirth awareness \$50,000 GF/GP, colon disease project with Henry Ford Health System \$125,000 GF/GP, and Special Needs Vision Clinic \$50,000 GF/GP. The <u>Executive</u> proposed reductions of 15% for these projects.	Federal 100,000	(100,000)	0
	GF/GP \$325,000	(\$325,000)	\$0

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>	<u>House Changes</u>			
	<u>FY 2010-11 YTD (as of 2/17/11)</u>	<u>FY 2010-11 to FY 2011-12</u>	<u>FY 2011-12 to FY 2012-13</u>	
16. Maternal and Infant Program Placeholders	Gross	\$0	\$200	\$0
The <u>House</u> includes two \$100 placeholders for funding for infant mortality programs and nurse family partnership programs. Sec. 1112 and Sec. 1139 are related boilerplate.	GF/GP	\$0	\$200	\$0
17. Crime Victim Services and Program Increases	FTEs	11.0	2.0	0.0
The <u>House</u> concurs with the <u>Executive</u> and recognizes increased funds of \$10.4 million gross (\$0 GF/GP) available for local services to crime victims, victim compensation, and funding to local prosecutors and victim notification network system. Increase is related to additional revenue to the state restricted Crime Victim's Rights Fund due to statutory changes, and consequent increase in federal grant funds.	Gross	\$27,039,800	\$10,381,000	\$0
	Federal	16,563,700	6,881,000	0
	Restricted	10,476,100	3,500,000	0
	GF/GP	\$0	\$0	\$0
18. Aging Program State Funding Reductions	Gross	\$90,829,700	\$223,600	\$0
The <u>House</u> rejects <u>Executive</u> 8-9% reductions of GF/GP funding to programs for seniors for community services (\$1,025,500), home-delivered and congregate meals (\$791,000), and 3 senior volunteer programs (\$401,800). The <u>House</u> eliminates Tribal Elders' funding of \$120,000 for which the <u>Executive</u> had proposed a 15% \$18,000 reduction. The <u>House</u> concurs with federal, private, and early retirement adjustments to the Aging budget.	Federal	56,707,800	321,000	0
	Private	607,500	70,000	0
	Merit Awd	4,468,700	0	0
	Restricted	1,400,000	0	0
	GF/GP	\$27,645,700	(\$167,400)	\$0
19. Medicaid FMAP Federal Stimulus Adjustment	Gross	N/A	\$20,877,000	\$0
The <u>House</u> and <u>Executive</u> agree on an increase of \$564.7 million GF/GP to offset the final year of enhanced federal FMAP Medicaid funding from the American Recovery and Reinvestment Act (ARRA) and related extension.	ARRA	N/A	(627,327,000)	0
	Local	N/A	4,516,200	0
	Restricted	N/A	79,018,600	0
	GF/GP	N/A	\$564,669,200	\$0
20. Medicaid Caseload, Utilization and Inflation Increase	Gross	\$11,397,017,900	\$437,522,800	\$334,468,400
The <u>House</u> and <u>Executive</u> include a base adjustment increase for FY 2010-11 of \$115.5 million gross (\$47.8 million GF/GP) to cover caseload/utilization/inflation changes within Medicaid, Mental Health/Substance Abuse, Children's Special Health Care Services and Federal Medicare Prescription programs. The increase included for FY 2011-12 is \$322.0 million Gross (\$133.2 million GF/GP) and for FY 2012-13 the increase is projected to be \$334.5 million Gross (\$117.5 million GF/GP).	Federal	7,568,396,600	256,582,200	217,000,900
	Local	52,469,400	0	0
	Private	2,100,000	0	0
	Merit Awd	82,275,800	0	0
	Restricted	1,846,351,100	0	0
	GF/GP	\$1,845,425,000	\$180,940,600	\$117,467,500
21. Dual Eligibles to Managed Care	Gross	N/A	(\$29,828,700)	\$0
The <u>House</u> and <u>Executive</u> concur on shifting individuals who are eligible for both Medicare and Medicaid (dual eligibles) from fee-for-service to an integrated managed care system. Savings of \$29.8 million gross (\$10.1 million GF/GP) are estimated given a start date of April 1, 2012. A federal waiver would be required to allow the State to receive the Medicare funds to manage the care of the dual eligibles.	Federal	N/A	(19,728,700)	0
	GF/GP	N/A	(\$10,100,000)	\$0
22. Other Medicaid Fund Source Adjustments	Gross	N/A	\$431,600	\$397,500
The <u>House</u> concurs with the <u>Executive</u> regarding an increase of federal Medicaid and Children's Health Insurance Program Reauthorization Act (CHIPRA) funds for FY 2011-12 would offset \$29.9 million of GF/GP due to regular changes in federal match rates. An additional \$160.0 million GF/GP is necessary to offset one-time CHIPRA FMAP correction revenue included in the FY 2010-11 budget. In FY 2012-13, a decrease of federal Medicaid and SCHIP funds would require an additional \$97.8 million of GF/GP due to regular changes in federal match rates.	Federal	N/A	40,613,500	(97,841,400)
	Local	N/A	(457,800)	0
	Restricted	N/A	(169,810,500)	397,500
	GF/GP	N/A	\$130,086,400	\$97,841,400

House Changes

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
23. Graduate Medical Education Reduction	Gross	\$168,160,800	(\$67,264,300)	\$0
Both the <u>House</u> and <u>Executive</u> apply a 40% reduction to the Graduate Medical Education (GME) payments resulting in savings of \$67.3 million gross (\$22.8 million GF/GP). GME payments are made to Michigan hospitals which provide clinical training and education to individuals in approved residency programs. This funding is provided in recognition of the higher costs incurred by the teaching hospitals.	Federal	110,633,000	(44,488,600)	0
	ARRA	9,164,800	0	0
	GF/GP	\$48,363,000	(\$22,775,700)	\$0
24. Hospital Disproportionate Share Payments	Gross	\$52,500,000	(\$7,500,000)	\$0
The <u>House</u> concurs with the <u>Executive</u> to decrease disproportionate share hospital (DSH) payments to \$45.0 million but rather than allocate all \$45.0 million to the larger hospital pool, he <u>House</u> allocates \$33,750,000 to the large hospital pool and \$11,250,000 to the small hospital pool. The distribution was based on a change in census numbers state wide. See boilerplate Sec. 1699.	Federal	34,344,700	(4,960,500)	0
	Restricted	8,875,700	(2,539,500)	0
	GF/GP	\$9,279,600	\$0	\$0
25. Include Behavioral Health Drugs In Preferred Drug List	Gross	\$401,414,600	(\$18,700,000)	\$0
The <u>House</u> and <u>Executive</u> agree on the removal of \$18.7 million gross (\$6.3 million GF/GP) in the Pharmaceutical Services line as a result of including behavioral health drugs on the preferred drug list. A statutory change would be required to realize these savings.	Federal	262,930,300	(12,368,200)	0
	ARRA	21,788,500	0	0
	GF/GP	\$116,695,800	(\$6,331,800)	\$0
26. Medicaid Estate Recovery Program	Gross	\$1,687,362,700	(\$15,443,300)	\$0
The <u>House</u> increases the <u>Executive</u> reduction to the Long-Term Care Services line up to \$15.4 million gross (\$5.2 million GF/GP) representing savings generated by statutory changes strengthening the existing Medicaid long-term care estate recovery law. These are additional savings beyond the <u>Executive</u> of \$5,443,300 gross (\$1,843,100 GF/GP). Michigan currently is the only state in the nation without a federally approved estate recovery program.	Federal	1,128,268,000	(10,214,200)	0
	ARRA	93,769,300	0	0
	Restricted	328,363,700	0	0
	Local	6,618,800	0	0
	GF/GP	\$130,342,900	(\$5,229,100)	\$0
27. Adult Home Help Service Limits	Gross	\$304,928,900	(\$17,720,000)	\$0
The <u>House</u> concurs with the <u>Executive</u> reduction to the Adult Home Help line of \$17.7 million gross (\$6.0 million GF/GP) as a result of excluding individuals from the Adult Home Help program who qualify only for assistance with instrumental activities of daily living (IADL). IADLs include shopping, laundry, housework, meal preparation and money management.	Federal	202,644,500	(11,720,000)	0
	ARRA	16,794,600	0	0
	GF/GP	\$85,489,800	(\$6,000,000)	\$0
28. Repeal Medicaid HMO and PIHP Use Tax	Gross	\$388,352,900	(\$388,352,900)	\$0
The <u>House</u> and <u>Executive</u> both assume repeal of the use tax currently covering Medicaid HMOs and PIHPs. Proposed elimination is based on anticipated federal action that would prohibit financing the Medicaid program under the current law. The repeal of the use tax would save the State \$131.5 million GF/GP; reduce tax collections by \$388.4 million Gross, resulting in a net State revenue reduction of \$257.9 million. Statutory changes would be necessary to repeal this portion of the use tax.	Federal	256,856,600	(256,856,600)	0
	GF/GP	\$131,496,300	(\$131,496,300)	\$0
29. Insurer Paid Claims Tax of 1%	Gross	\$0	\$0	\$0
The <u>House</u> and <u>Executive</u> both assume enactment of a 1% assessment on all health insurance paid claims which would generate approximately \$396.9 million of state restricted revenue which would offset a like amount of GF/GP. Statutory changes would be necessary to enact the assessment.	Restricted	0	396,856,600	0
	GF/GP	\$0	(\$396,856,600)	\$0

House Changes

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>	<u>FY 2010-11 YTD (as of 2/17/11)</u>	<u>FY 2010-11 to FY 2011-12</u>	<u>FY 2011-12 to FY 2012-13</u>	
30. Third Party Liability Recovery Savings	Gross	N/A	(\$20,210,300)	\$0
The <u>House</u> increases the <u>Executive</u> reduction to the Health Plan Services line item up to \$20.2 million gross (\$6.8 million GF/GP) from \$14.8 million gross (\$5.0 million GF/GP) reflecting savings generated by broadening the Sharing Health Care Information Act.	Federal	N/A	(13,367,100)	0
The <u>Executive</u> proposed language change would require auto insurers who are legally responsible for payment of a health care claim to report to the Department of Community Health. This will enable the State to better identify Medicaid eligible persons with other health care coverage and avoid or recover payments for services provided by the Medicaid program. This requires a change in Michigan law.	GF/GP	N/A	(\$6,843,200)	\$0
31. Primary Care Physician Rate Increase FY 2012-13	Gross	N/A	\$0	\$100,000,000
The <u>House</u> concurs with the <u>Executive</u> in anticipating the availability of \$100.0 million federal funds in FY 2012-13 to increase the reimbursement rates of primary care physicians up to 100% of Medicare rates. This reimbursement level is a requirement of the Affordable Care Act of 2010 and the rate increase is fully federally funded	Federal	N/A	0	100,000,000
	GF/GP	N/A	\$0	\$0

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Boilerplate Deletions

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2010-11 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted. For the Department of Community Health, the Executive deletes 210 of 251 current law boilerplate sections. The House deletes 146 of 251 current law boilerplate sections.

GENERAL SECTIONS

Sec. 206. Contingency Funds – REVISED

Appropriates and makes available for expenditure up to \$200 million federal contingency funds, up to \$40 million state restricted contingency funds, up to \$20 million local contingency funds, and up to \$20 million private contingency funds if transferred according to provisions of Section 393(2) of the Management and Budget Act. House and Executive revise current law.

Sec. 213. Report on Tobacco Tax and Healthy Michigan Funds - RETAINED

Requires state departments, agencies, and commissions receiving tobacco tax and Healthy Michigan funds to report on programs utilizing these funds. House retains current law and Executive deletes.

Sec. 219. DCH Contracts with the Michigan Public Health Institute - RETAINED

Allows DCH to contract with the Michigan Public Health Institute for the design and implementation of projects and other public health related activities. Requires DCH to report on each funded project and provide copies of all reports, studies, and publications produced by the Institute. House retains current law and Executive deletes.

Sec. 220. Audits of Michigan Public Health Institute - DELETED

Requires all contracts with the Michigan Public Health Institute funded with Part 1 appropriations to include a provision requiring financial and performance audits by the state Auditor General of funded projects with state appropriations. House and Executive delete current law.

Sec. 292. Civil Service Classification Pay Status and Publicly Accessible Internet Website - REVISED

Requires DCH to develop, post, and maintain on a publicly accessible Internet website all expenditures made by DCH within a fiscal year which includes the purpose for which expenditures are made. House revises current law and Executive deletes.

Sec. 295. Privatization of Program and Service Areas - NEW

Requires the Department to explore program and other service areas, including eligibility determination, where privatization may lead to increased efficiencies and budgetary savings. House adds new section.

Major Boilerplate Changes From FY 2010-11

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 401. Comprehensive System of CMH Services - DELETED

Provides that Part 1 appropriated funds are to support a comprehensive system of CMH services under the full authority and responsibility of local community mental health services programs (CMHSPs) or prepaid inpatient health plans (PIHPs). Requires that DCH ensure each CMHSP or PIHP provide a complete array of mental health services, coordination of inpatient and outpatient hospital services, individualized plans of services, a case or care management system, and a system that serves at-risk and delinquent youth pursuant to provisions of the Mental Health Code. House and Executive delete current law.

Sec. 404. Report on CMHSPs - RETAINED

Requires DCH to report on the following for CMHSPs or PIHPs: expenditures and services data, information about access to CMHSPs, lapses and carry-forwards, information on the CMH Medicaid managed care program, performance indicator required to be submitted to DCH in contracts with CMHSPs or PIHPs, and an estimate of the number of mental health direct care workers. House retains current law and Executive deletes.

Sec. 407. Substance Abuse Prevention, Education, and Treatment Grants - RETAINED

Requires that appropriations for substance abuse prevention, education, and treatment grants be expended for contracting with coordinating agencies. Requires coordinating agencies work with CMHSPs or PIHPs to coordinate care and services provided to individuals with severe and persistent mental illness and substance abuse diagnoses. House retains current law and Executive deletes.

Sec. 408. Report on Substance Abuse Prevention, Education, and Treatment Programs - RETAINED

Requires DCH to report on expenditures and services data on substance abuse prevention, education, and treatment programs from the prior fiscal year. House retains current law and Executive deletes.

Sec. 414. Medicaid Substance Abuse Services - DELETED

Requires Medicaid substance abuse services to be managed by PIHPs pursuant to the Centers for Medicare and Medicaid Services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. Authorizes PIHPs to receive a capitated payment on a per eligible per month basis to assure the provision of medically necessary substance abuse services. House and Executive delete current law.

Sec. 494. National Accreditation Process for Behavioral Health Services - NEW

Allows a CMHSP, PIHP, or subcontracting provider agency that has been reviewed and accredited through a national accreditation process for behavioral health care services to be considered in compliance with any state program review criteria or audit requirement for each corresponding item that was reviewed and addressed by the national accrediting entity. Requires DCH to minimize the number of gaps between state program review criteria and audit requirements and standards under the national accreditation process on or before March 1, 2012. House adds new section.

Sec. 495. Medical Home for Recipients of Medicaid Mental Health Benefits - NEW

Expresses legislature's intent that the Department begins working with the Centers for Medicare and Medicaid Services to develop a program that creates a medical home for individuals receiving Medicaid mental health benefits. House adds new section.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES , AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 605. Closures or Consolidations of State Hospitals and Centers - REVISED

Requires DCH to provide a closure plan four months after closure certification to the House and Senate Appropriations Subcommittees on Community Health, House and Senate Fiscal Agencies, and State Budget Director. Upon the closure of state-run operations and after transitional costs have been paid, requires the transfer of remaining operational funds to CMHSPs or PIHPs. House and Executive revise current law.

PUBLIC HEALTH ADMINISTRATION

Sec. 650. Fish Consumption Advisory - DELETED

Directs DCH to communicate the annual public health consumption advisory for sport fish; at a minimum, post the advisory on the Internet and provide it to Women, Infants, and Children special supplemental nutrition program participants. House and Executive delete current law.

INFECTIOUS DISEASE CONTROL

Sec. 801. Priority for Adolescents for AIDS Prevention Services - DELETED

Requires DCH and its subcontractors to ensure that high-risk children ages 9 through 18 receive priority for AIDS prevention, education, and outreach services. House and Executive delete current law.

LOCAL HEALTH ADMINISTRATION AND GRANTS

Sec. 904. Essential Local Public Health Services - REVISED

Eliminates requirement for DCH to report on planned allocations of essential local public health services line item funds. House and Executive revise current law.

Major Boilerplate Changes From FY 2010-11

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Sec. 1006. Priority for Smoking Prevention Funding and Allocation for Quit Kits - DELETED

Requires DCH to give priority to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents in spending smoking prevention program line item funds. Allocates \$100,000 for the Quit Kit program that includes the nicotine patch or nicotine gum, for purposes of complying with Act 164 of 2004. House and Executive delete current law.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1105. Contract with Local Agencies Best Able to Serve Clients - DELETED

Requires DCH to contract for family, maternal, and children's health services with local agencies best able to serve clients. Describes factors to be used by DCH to evaluate a local agency's ability to serve clients. House and Executive delete current law.

Sec. 1118. Evidence-Based Practices for Maternal, Infant and Child Health In-Home Visiting Programs - NEW

Directs DCH to pursue use of evidence-based practices and program models for maternal, infant, and child health in-home visiting programs funded in the budget, consistent with any applicable grant or program requirements. House adds new section.

Sec. 1129. Report of Elevated Blood Lead Levels in Children - DELETED

Directs DCH to annually report to the Legislature on the number of children with elevated blood lead levels by county, including blood lead level and source of reported information. House and Executive delete current law.

Sec. 1135. School Health Education Curriculum - DELETED

Establishes that provision of a school health education curriculum shall be in accordance with health education goals of the Michigan Model for Comprehensive School Health Education State Steering Committee; establishes steering committee membership; and requires curriculum materials be made available upon request. House and Executive delete current law.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1204. CSHCS and Medicaid HMOs - DELETED

Requires the Department to work with the Michigan Association of Health Plans to identify and report on a Medicaid HMO reimbursement methodology for Children's Special Health Care Services (CSHCS) eligibles. House and Executive delete current law.

OFFICE OF SERVICES TO THE AGING

Sec. 1401. Eligibility for Senior Community Services and Nutrition Services Programs - RETAINED

Eligibility for community services and nutrition services programs shall be restricted to individuals at least 60 years of age who fail to qualify for home care services under Titles XVIII, XIX, or XX of the Social Security Act. House retains current law and Executive deletes.

MEDICAL SERVICES

Sec. 1661. Access to Maternal Infant Health Program (MIHP) Services - DELETED

Requires timely access to Maternal Infant Health Program (MIHP) services and coordination with other state or local programs; requires HMOs to be responsible for MIHP as described in Medicaid policy; coordination of MIHP services with other state services focusing on the prevention of adverse birth outcomes, child abuse and neglect; DCH to provide, annually, budget neutral incentives to Medicaid HMOs and local health departments to improve performance on measures related to the care of pregnant women. House and Executive delete current law.

Sec. 1691. Adult Home Help Worker Wage Increase - DELETED

Provides that all adult home help workers receive the wage increase provided in previous years. House and Executive delete current law. House and Executive delete current law.

Sec. 1756. Beneficiary Monitoring Program - NEW

Requires the Department to expand and improve the beneficiary monitoring program and provide a report by April 1 of the current fiscal year. House adds new section.

Sec. 1817. Medicaid and Preventable Medical Errors - DELETED

Directs DCH to report to the Legislature on implementation of a policy to prohibit billing for care made necessary by preventable medical errors or adverse health events. House and Executive delete current law.

Sec. 1820. Recognition of Medicaid Health Plan Accreditation - NEW

Requires the Department to give consideration of Medicaid Health Plan accreditation when establishing compliance with State program review criteria or audit requirements. House adds new section.

Sec. 1824. Residents of Homes for the Aged and Adult Foster Care and HCBS Program - DELETED

Provides that individuals living in homes for the aged or adult foster care facilities shall be eligible to apply for enrollment for services from the Home- and Community-Based Services (HCBS) waiver program. House and Executive delete current law.

Sec. 1837. Telemedicine Use in Underserved Areas - DELETED

Requires that DCH explore the use of telemedicine as a means to increase Medicaid recipients who reside in underserved areas access to primary care services. House and Executive delete current law.

Major Boilerplate Changes From FY 2010-11

Sec. 1838. Reimbursement Changes for Long-Term Care Facilities - DELETED

Requires that DCH work with relevant parties to convene a workgroup to identify possible budget-neutral changes in reimbursement for long-term care facilities. An update of the findings will be presented at respective Executive budget subcommittee presentations to the Legislature. House and Executive delete current law.

Sec. 1845. Harper University Hospital Contingency DSH Payment - NEW

Gives priority to Harper University Hospital for a DSH allotment of up to \$8,520,900 if total allotments or expenditures fall below the federal Medicaid DSH ceiling.

Sec. 1847. Ambulance Quality Assurance Assessment Program - NEW

Requires the Department to meet with the Michigan Association of Ambulance Services to discuss the possible structure of an ambulance quality assurance assessment program. House adds new section.

DEPARTMENT OF EDUCATION: FYs 2011-12 and 2012-13
Summary: As Reported by the House Appropriations Committee
Article II, House Bill 4525 (H-1)



Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 House	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 House	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	0.0	\$0	\$0	--
Federal	87,772,100	77,929,200	(9,842,900)	(11.2)	78,869,000	939,800	1.2
Local	7,199,400	7,159,200	(40,200)	(0.6)	7,269,600	110,400	1.5
Private	3,124,500	3,044,400	(80,100)	(2.6)	3,053,700	9,300	0.3
Restricted	6,949,800	7,166,300	216,500	3.1	7,313,600	147,300	2.1
GF/GP	21,914,100	20,013,900	(1,900,200)	(8.7)	20,253,200	239,300	1.2
Gross	\$126,959,900	\$115,313,000	(\$11,646,900)	(9.2)	116,759,100	\$1,446,100	1.3
FTEs	562.5	559.0	(3.5)	(0.6)	559.0	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, and providing technical assistance to school districts and libraries.

Major Budget Changes From FY 2010-11 YTD Appropriations	FY 2010-11 YTD (as of 2/17/11)	House Changes	
		FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
1. State Aid to Libraries	Gross \$5,750,000	(\$2,304,300)	\$0
Executive reduces the Department of Education appropriation for state aid to libraries by \$2.3 million to \$3.4 million. In addition, the \$1.5 million appropriation in the School Aid budget was eliminated under the Executive budget, for a total reduction equal to 52.4% of current state support to libraries. House concurs with Executive.	GF/GP \$5,750,000	(\$2,304,300)	\$0
2. Michigan eLibrary (MeL)	Gross \$0	\$950,000	\$0
Executive provides additional GF/GP support for the MeL due to the potential loss of federal funds which are likely to decrease based on diminishing state maintenance of effort (MOE) levels from recent reductions in state aid to libraries. House concurs with Executive.	GF/GP \$0	\$950,000	\$0
3. 2009 State Education Reform Activities	FTEs 25.0	(1.0)	0
Executive eliminates three pieces of the recent education reform which required new activities for the Department. This includes eliminating the State Reform/Redesign Office, which was supposed to identify and propose reforms for the bottom 5% of districts, to save \$1.4 million. It also eliminates the online testing platform to save \$500,000 and eliminates the basic instructional supplies hotline and appeals process to save \$76,000. House concurs on the elimination of the online testing platform and the basic instructional supplies hotline and appeals process but maintains the funding and FTEs for the School Reform and Redesign Office.	Gross \$8,977,800	(\$576,000)	\$0
	Federal 5,063,700	0	0
	GF/GP \$3,914,100	(\$576,000)	\$0

		House Changes			
Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13	
4. Excess Federal and Private Spending Authorization		FTEs	N/A	(3.5)	0.0
<u>Executive</u> decreases spending authorization in several units of the bill to reflect the anticipated availability of funds. This includes \$3,967,800 in Special Education, \$1,500,000 in Professional Preparation, \$346,000 and 3.5 FTEs in School Finance/School Law, and \$198,700 in Early Childhood.		Gross	N/A	(\$6,012,500)	\$0
<u>House</u> concurs with Executive.		Federal	N/A	(5,813,800)	0
		Private	N/A	(198,700)	\$0
		GF/GP	N/A	\$0	
5. Office of Education Assessment and Accountability (OEAA)		Gross	\$9,652,300	(\$5,000,000)	\$0
<u>Executive</u> removes the one-time federal funds used for the rewrite of the OEAA secure site.		Federal	9,652,300	(5,000,000)	0
<u>House</u> concurs with Executive.		GF/GP	\$0	\$0	\$0
6. Recognize Savings from 2010 Early Retirement		Gross	N/A	(\$370,900)	\$0
<u>Executive</u> recognizes the GF/GP savings throughout the department associated with the early retirement.		GF/GP	N/A	(\$370,900)	\$0
<u>House</u> concurs with Executive.					
7. Michigan Schools for the Deaf and Blind		Gross	\$90,000	\$110,000	\$0
<u>Executive</u> increases spending authorization for private gifts for blind services in order to allow expenditure of carry forward funds that were not spent in FY 2009-10.		Private	90,000	110,000	0
<u>House</u> concurs with Executive.		GF/GP	\$0	\$0	\$0
8. Reorganize School Finance/School Law Unit		FTEs	16.5	1.0	0.0
<u>Executive</u> reorganizes this unit into three new units and shifts \$106,000 and 1.0 FTE to the existing Grants Administration unit. Creates a net change of 1.0 FTE. The transfers would include the following:		Gross	\$2,844,100	\$0	\$0
State Aid and School Finance Services: \$854,500 and 7.5 FTEs		Federal	1,335,600	0	0
Audit Services: \$481,300 and 3.5 FTEs		Restricted	493,400	0	0
Administrative Law Services: \$1,056,300 and 2.0 FTEs		GF/GP	\$1,015,100	\$0	\$0
<u>House</u> concurs with Executive.					
9. FTE Adjustments		FTEs	N/A	0.0	0.0
<u>Executive</u> recommends positive FTE adjustments for four units:		Gross	N/A	\$0	\$0
Grants Administration: 2.0 FTEs		GF/GP	N/A	\$0	\$0
Field Services: 3.0 FTEs					
Education Improvement/Innovation: 3.0 FTEs					
Career/Technical Education: 1.0 FTE					
<u>House</u> concurs with Executive recommended increases, but offsets them with the following negative FTE adjustments:					
Central Support: (2.0) FTEs					
Michigan Schools for Deaf/Blind (6.0) FTEs					
Library of Michigan Operations (1.0) FTEs					
10. Economic Adjustments		Gross	N/A	\$1,556,800	\$1,446,100
<u>Executive</u> includes economic adjustments for retirement, insurances, workers' compensation, and building occupancy charges totaling \$1.6 million for FY 2011-12 and \$1.4 million for FY 2012-13.		Federal	N/A	902,500	939,800
		Local	N/A	103,200	110,400
		Private	N/A	8,600	9,300
		Restricted	N/A	141,500	147,300
<u>House</u> concurs.		GF/GP	N/A	\$401,000	\$239,300

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 204. Civil Service Fee – RETAINED

Specifies administrative fee charged to each state department for personnel services.
Executive deletes. House maintains current law.

Sec. 205. Internet Reporting – RETAINED

Requires department to use Internet or email to fulfill reporting requirements.
Executive moves to general sections of omnibus bill. House maintains current law.

Sec. 206. State Board of Education Information – RETAINED

Requires the department to forward board agendas and documents to various governmental agencies electronically.
Executive deletes. House maintains current law.

Sec. 208. Personnel Records – RETAINED

Directs the department require districts to retain teacher personnel records regarding sexual misconduct.
Executive deletes. House maintains current law.

Sec. 207. Department Financial Information – NEW

House adds new section requiring that the department develop, post, and maintain on a user-friendly and publicly accessible internet site, all expenditures and purpose for each expenditure made by the agency within a fiscal year.

Sec. 209. Information Technology User Fees – RETAINED

Directs the department to pay user fees to Department of Technology, Management and Budget for technology-related services.
Executive deletes. House maintains current law.

Sec. 210. Information Technology Work Projects – NEW

House adds new section allowing appropriations for information technology work projects to be carried forward into following fiscal year according to the Management and Budget Act.

Sec. 211. Adequate Yearly Progress (AYP) – RETAINED

Requires that the department allow districts to appeal determinations of failure to meet AYP before it publishes AYP reports.
Executive deletes. House maintains current law.

Sec. 212. Purchase of Foreign Goods – RETAINED

Prohibits the purchase of foreign-made goods if comparable American or Michigan goods are available. Gives preference to Michigan businesses owned or operated by veterans.
Executive deletes. House maintains current law.

Sec. 213. Hiring Freeze – RETAINED

Establishes a hiring freeze for state civil service with exceptions under certain circumstances.
Executive deletes. House maintains current law.

Sec. 214. Out-of-State Travel – RETAINED

Limits out-of-state travel for certain circumstances and requires reporting on all out-of-state travel.
Executive deletes. House maintains current law.

Sec. 215. Out-of-State Professional Development – RETAINED

Limits out-of-state travel for professional development conferences or training seminars.
Executive deletes. House maintains current law.

Sec. 216. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff.
Executive deletes. House maintains current law.

Sec. 217. Economically Distressed Areas – RETAINED

Encourages the department to contract with businesses in economically distressed areas.
Executive deletes. House maintains current law.

Sec. 218. Report Retention – NEW

House adds new language requiring the department to retain all reports funded from appropriations in part 1 according to federal and state guidelines for short-term and long-term retention of records.

Sec. 220. Providing the Legislature with Timely Data – RETAINED

Requires the department to provide data requested by legislature, staff, and fiscal agencies in a timely manner.
Executive deletes. House maintains current law.

Major Boilerplate Changes From FY 2010-11

Sec. 221. Hire of Outside Legal Counsel – RETAINED

Prohibits the department from hiring a person to provide legal services that are the responsibility of the Attorney General but exempts legal services for bonding or other activities authorized by the Attorney General.

Executive deletes. House maintains current law.

Sec. 222. Impact of New Legislation and Administrative Rules – DELETED

Requires a report on specific policy changes adopted to implement new public acts. Prohibits the department from adopting administrative rules that have a disproportionate impact on small business.

Executive deletes. House concurs.

Sec. 225. Pupil Membership Fraud – RETAINED

Requires the State Superintendent of Public Instruction to investigate and report on issues of pupil membership fraud, and report on the scope of and proposed solutions to the problem. Executive deletes. House maintains current law.

Sec. 226. Lapse Report – RETAINED

Requires the department to report projected year-end GF/GP lapse amount for a given year by Oct. 15 of the next fiscal year.

Executive deletes. House maintains current law.

Sec. 301. State Board of Education Expenses – REVISED

Authorizes the department to make per diem payments State Board of Education members and report quarterly on expenses.

Executive eliminates the reporting requirement. House concurs.

Sec. 401. Michigan Schools for the Deaf and Blind Employees – DELETED

Stipulates that employees who work on a school year basis shall be considered annual employees for purposes of service credits, retirement, and insurance benefits. Executive deletes. House concurs.

Sec. 405. Federal Medicaid Program – RETAINED

Allows the department to assist other departments and school districts to secure reimbursement for eligible services provided in Michigan schools from the federal Medicaid program.

Executive deletes. House maintains current law.

Sec. 501. Felony Conviction Files – RETAINED

Requires that the department maintain professional personnel registry and certificate revocation/felony conviction files.

Executive deletes. House maintains current law.

Sec. 601. Administration of the Charter School Office – DELETED

Earmarks funds to operate the charter school office.

Executive deletes. House concurs.

Sec. 701. Collaboration with Center for Education Performance and Information (CEPI) – DELETED

Directs the department to work collaboratively with CEPI to support data collection.

Executive deletes. House concurs.

Sec. 803. Keep Library Functions Together – RETAINED

Provides intent that the State maintain the Library of Michigan and its component programs together in a state department.

Executive deletes. House maintains current law.

Sec. 804. Library Collections – RETAINED

Requires that the department and the Library of Michigan maintain custody of the non-Michigan genealogy and all Michigan-specific collections and continue to make these collections available to the public.

Executive deletes. House maintains current law.

Sec. 805. Library Minimum Hours Waivers – NEW

House adds new language requiring the department to grant waivers to any library requesting a waiver for the minimum hours of operation required under the state aid to public libraries minimum standards.

Sec. 901. Federal and Private Grants – RETAINED

Requires that the department notify House and Senate Appropriations subcommittee chairs with ten days of receipt of a grant appropriated in the federal and private grants line item including funding source, purpose, and amount of grant.

Executive deletes. House maintains current law.

Sec. 903. Cyber Schools – RETAINED

Directs the department to work with districts that operate a cyber school or alternative education program with a seat-time waiver to provide a report by March 1, detailing enrollments resident districts, per pupil operating costs, and online education providers.

Executive deletes. House maintains current law.

Sec. 904. Federal Education Jobs – DELETED

Designated a portion of Federal Education Jobs funds for administration of the funds distributed to districts in School Aid budget.

Executive deletes. House concurs.

**DEPARTMENT OF HUMAN SERVICES: FYs 2011-12 and 2012-13
Summary: As Reported by the House Appropriations Committee
Article III, House Bill 4525 (H-1)**



Analysts: Kevin Koorstra and Bob Schneider

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 House	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 House	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$1,230,300	\$1,243,100	\$12,800	1.0	\$1,256,200	\$13,100	1.1
Federal							
ARRA	774,767,800	549,632,400	(225,135,400)	(29.1)	549,632,400	0	0.0
Non-ARRA	5,140,056,800	5,103,513,800	(36,543,000)	(0.7)	5,057,504,700	(46,009,100)	(0.9)
Local	33,925,700	30,573,600	(3,352,100)	(9.9)	30,473,200	(100,400)	(0.3)
Private	14,483,500	16,336,100	1,852,600	12.8	16,485,600	149,500	0.9
Restricted	60,433,500	90,929,400	30,495,900	50.5	90,984,500	55,100	0.1
GF/GP	924,018,100	1,066,207,600	142,189,500	15.4	1,154,444,300	88,236,700	8.3
Gross	\$6,948,915,700	\$6,858,436,000	(\$90,479,700)	(1.3)	\$6,900,780,900	\$42,344,900	0.6
FTEs	11,869.5	11,554.5	(315.0)	(2.7)	11,554.5	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, child care and other emergency needs. The DHS is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. The DHS is also responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	House Changes	
			FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
1. Child Welfare Services: Annualize Staff Added during FY11 Annualizes funding for 335 child welfare staff to be hired during FY 2010-11. Fiscal Year 2010-11 budget increased child welfare staffing by \$47.8 million for 684 additional FTEs. However, only partial-year funding was provided for 335 of these positions. These FTEs are appropriated to meet the caseload to worker ratios as required in the Children's Rights settlement agreement. By October 1, 2011 direct foster care staff can have a caseload to worker ratio of no more than 15:1.	FTE	684.0	0.0	0.0
	Gross	\$47,838,600	\$29,723,600	\$0
	Federal	10,727,600	7,534,200	0
	GF/GP	\$37,111,000	\$22,189,400	\$0
2. Child Welfare Services: Annualize Shift to Private Agency Administration Increases funding for private foster care administration by \$30.1 million. FY 2010-11 budget increased funding by \$5.9 million to transfer 2,625 (or 15%) publicly administered foster care cases to private child placing agencies during the last quarter. The intent of the transfer of foster care cases to the private agencies is to help the local DHS offices meet the 15:1 case to worker ratio as mandated by the Children's Rights settlement agreement.	Gross	\$5,924,600	\$30,106,700	\$0
	Federal	1,777,400	9,662,500	0
	GF/GP	\$4,147,200	\$20,444,200	\$0

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	House Changes	
			FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
3. Child Welfare Services: Private Agency Administrative Rate Changes	Gross	N/A	\$1,894,400	\$0
Increases appropriations \$2.8 million to increase private adoption rates by 15%. Also reduces specialized independent living administrative rates by 50% of the difference between the current specialized rates and the general independent living administrative rate saving \$877,600.	Federal	N/A	351,300	0
	GF/GP	N/A	\$1,543,100	\$0
4. Child Welfare Services: Other Changes	Gross	N/A	\$4,701,400	(\$4,000,000)
Increases funding \$4.0 million for the second needs assessment as required by the Children's Rights settlement agreement and increases appropriations \$2.7 million for IT upgrades. Also reduces guardianship assistance \$1.0 million recognizing prior year lapses and eliminates the partial tuition reimbursement for a savings of \$998,600. FY 2012-13 recommendation removes the \$4.0 million for the needs assessment.	Federal	N/A	665,300	0
	GF/GP	N/A	\$4,036,100	(\$4,000,000)
5. Child Welfare Caseloads	Gross	\$633,047,400	(\$26,444,800)	\$956,300
Reduces overall appropriations for child welfare program caseloads \$26.4 million. Foster care payments decrease \$12.4 million to fund an average caseload of 7,200. Adoption subsidy payments decrease \$2.1 million to fund an average caseload of 28,200. Child care fund decreases \$12.0 million (or 5.5%) to reflect caseload projection. Recommendation projects an \$1.0 million increase to fund FY 2012-13 child welfare caseloads.	Federal	358,943,300	3,565,000	4,593,100
	Local	19,247,100	(3,233,200)	(623,800)
	Private	1,800,000	0	0
	GF/GP	\$253,057,000	(\$26,776,600)	(\$3,013,000)
6. Temporary Assistance for Needy Families (TANF) Funding Adjustments	Gross	N/A	\$0	\$0
Increases GF/GP by \$181.8 million to offset one-time federal TANF revenues appropriated in FY 2010-11 that are no longer available. GF/GP is partially offset with \$38.8 million in new one-time TANF contingency funds. FY 2012-13 recommendation includes an additional \$62.6 million GF/GP to offset the one-time TANF revenue used to support FY 2011-12 programs and services.	Federal	N/A	(143,006,600)	(62,645,900)
	GF/GP	N/A	\$143,006,600	\$62,645,900
7. TANF Fund Shift with Higher Education	Gross	\$0	\$0	\$0
Transfers out federal TANF to Higher Education budget to fund financial aid programs and transfers in GF/GP and Merit Award Restricted Trust Funds from Higher Education to fund the Family Independence Program (FIP). This transfer improves the state's ability to meet federal TANF maintenance of effort (MOE) requirements and is consistent with supplemental adjustments made in previous fiscal years. Offsetting adjustments are made in the Higher Education budget. FY 2012-13 recommendation adjust fund shift to meet anticipated financial aid spending.	Federal	0	(93,826,400)	(8,760,000)
	Restricted	0	30,100,000	0
	GF/GP	\$0	\$63,726,400	\$8,760,000
8. Public Assistance Caseloads	Gross	\$706,383,700	\$18,801,800	\$8,700,000
Increases funding for public assistance programs \$18.8 million. The Family Independence Program (FIP) increases \$10.3 million to fund an average caseload of 84,000. State Disability Assistance (SDA) decreases \$67,300 to fund an average caseload of 10,850. SSI supplementation increases \$4.1 million to fund 258,500 cases. Child Development and Care (CDC) increase \$4.5 million to fund 27,000 cases. Recommendation projects an additional \$8.7 million to fund FY 2012-13 public assistance caseloads.	Federal	519,313,100	2,027,500	0
	Restricted	45,062,400	0	0
	GF/GP	\$142,008,200	\$16,774,300	\$8,700,000
9. Family Independence Program: 48-Month Lifetime Limit	Gross	\$428,835,100	(\$77,400,000)	\$0
Reduces FIP \$77.4 million by implementing a retroactive 48-month lifetime limit for FIP cases. Exemptions to the lifetime limit would include having a physical or mental incapacity, caring for a disabled family member, being a victim of domestic violence, certain periods of pregnancy, or after giving birth. Assumes 12,600 cases (15% of the caseload) would have their benefits expire.	Federal	374,130,200	(12,400,000)	0
	Restricted	32,784,100	0	0
	GF/GP	\$21,920,800	(\$65,000,000)	\$0

		<u>House Changes</u>			
<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>		<u>FY 2010-11 YTD (as of 2/17/11)</u>	<u>FY 2010-11 to FY 2011-12</u>	<u>FY 2011-12 to FY 2012-13</u>	
10. Family Independence Program: Earned Income Disregard		Gross	\$428,835,100	\$10,000,000	\$0
House increases earned income disregard for FIP case closure from \$200 + 20% to \$200 + 50% at a projected cost of \$10.0 million (earned income disregard for case opening would stay \$200 + 20%). GF/GP costs are partially offset with half of the FY 2010-11 funding for JET Plus (\$4.3 million) (Other \$4.3 million in JET Plus funding is available for FY 2012-13).		Federal	374,130,200	4,250,000	0
		Restricted	32,784,100	0	0
		GF/GP	\$21,920,800	\$5,750,000	\$0
11. Family Independence Program: Other Reductions		Gross	\$428,835,100	(\$11,114,800)	\$0
Reduces FIP \$1.2 million as a result of counting adoption subsidies as family income during the FIP benefit calculation. Also discontinues the policy of passing through the first \$50 in child support to the FIP recipients, increasing restricted revenues \$1.7 million and offsetting \$1.7 million in GF/GP. House reduces the FIP clothing allowance \$9.9 million by limiting clothing allowance for only the children in FIP groups that do not include an adult.		Federal	374,130,200	0	0
		Restricted	32,784,100	1,700,000	0
		GF/GP	\$21,920,800	(\$12,814,800)	\$0
12. Child Development and Care Reductions		Gross	\$182,113,300	(\$23,900,000)	\$0
Reduces base child care subsidies from \$1.60 per child per hour to \$1.35 per child per hour for enrolled providers saving \$13.9 million in federal TANF funds. The enrolled providers would remain eligible to receive \$1.85 per child per hour if they complete additional training annually. House also reduces subsidy appropriations \$10.0 million by reducing maximum amount of reimbursable hours per case. The TANF funds are redirected elsewhere in the budget to offset GF/GP.		Federal	145,182,900	0	0
		GF/GP	\$36,930,400	(\$23,900,000)	\$0
13. State Disability Assistance Rate Reduction		Gross	\$34,765,000	(\$12,124,500)	\$0
House reduces SDA rates for persons in independent living arrangements from \$269 per month to \$175 per month SDA is a cash assistance program for disabled adults without children.		Restricted	12,278,300	(1,437,800)	0
		GF/GP	\$22,486,700	(\$10,686,700)	\$0
14. Local Office: Staff Reduction		FTE	N/A	(300.0)	0.0
Reduces local office staff by 300 positions with the assumption that the savings can be realized through attrition rather than layoffs. DHS states that increases in workload for remaining local office staff can be mitigated through IT improvements and the other local office adjustments outlined in item 15 below.		Gross	N/A	(\$19,534,800)	\$0
		Federal	N/A	(7,178,400)	0
		GF/GP	N/A	(\$12,356,400)	\$0
15. Local Office: Other Adjustments		FTE	N/A	57.0	0.0
Appropriates 50 additional outstationed eligibility specialists to determine Medicaid eligibility in nursing homes, hospitals and mental health facilities (\$4.3 million, no GF/GP cost), \$2.6 million for medical/psychiatric child welfare evaluations, \$1.7 million to annualize the costs of 100 limited-term eligibility specialists hired during FY 2010-11, \$850,000 to annualize the cost for a customer services center, and \$633,500 for 7 additional Supplemental Security Income (SSI) advocates that are projected to increase SSI recoveries by \$2.1 million. The \$2.1 million in restricted SSI recoveries is used to offset GF/GP.		Gross	N/A	\$10,037,900	\$0
		Federal	N/A	3,562,200	0
		Local	N/A	1,066,400	0
		Private	N/A	1,066,400	0
		Restricted	N/A	2,100,000	0
		GF/GP	N/A	\$2,242,900	\$0
16. Juvenile Justice Facility Closure and Reduction		FTE	180.0	(58.0)	0.0
Closes the Shawono Juvenile Justice Center saving \$4.7 million gross, \$1.8 million GF/GP, and reduces one of the four sections at the Maxey Training School saving \$900,000 gross, \$450,000 GF/GP. These savings are partially offset with costs to house the youth in private facilities (\$2.6 million gross, \$1.3 million GF/GP) and additional re-entry program costs (\$200,000 GF/GP) for a net savings of \$2.8 million gross, \$786,700 GF/GP. FY 2012-13 recommendation removes \$696,500 GF/GP in one-time closing costs appropriated in FY 2011-12.		Gross	\$23,210,300	(\$2,822,000)	(\$696,500)
		Federal	1,715,900	(36,000)	0
		Local	11,476,700	(1,999,300)	0
		GF/GP	\$10,017,700	(\$786,700)	(\$696,500)

House Changes

Major Budget Changes From FY 2010-11 YTD Appropriations	FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13	
17. Other Program Eliminations				
Eliminates appropriation funding for Jobs Education and Training Plus (JET Plus) (\$8.5 million federal), Zero to Three (\$3.8 million federal), Before- and After-School (\$3.0 million GF/GP), Michigan 2-1-1 (\$550,000 GF/GP), Conductive Learning Center (\$300,000 GF/GP), Michigan Home Based Child Care Council (MHBCCC) (\$200,000 GF/GP), University of Detroit Mercy legal services (\$200,000 GF/GP), and YouthVille Detroit (\$100,000 GF/GP).	Gross	N/A	(\$16,693,800)	\$0
	Federal	N/A	(12,343,800)	0
	GF/GP	N/A	(\$4,350,000)	\$0
18. Other Program Reductions				
Reduces appropriation levels for employment and training support services (\$6.9 million gross, 2.0 million GF/GP), Local office emergency services allocation (\$4.0 million GF/GP), child protection and permanency (\$2.8 million gross, \$2.6 million GF/GP), family preservation programs (\$2.8 million GF/GP), state disbursement unit contract savings (\$1.8 million gross, \$626,700 GF/GP), strong families/safe children (\$1.5 million federal), children's trust fund grants (\$1.0 million restricted), Early Childhood Investment Corporation, (\$750,000 GF/GP) executive operation staff (\$712,000 gross, \$226,300 GF/GP), child support enforcement staff (\$588,300 gross, \$200,000 GF/GP), families first (\$500,000 federal), multicultural integration funding (\$300,000 gross, \$100,000 GF/GP), LEIN start-up costs (\$255,000 GF/GP), and domestic violence (\$250,000 GF/GP).	FTE	N/A	(12.0)	0.0
	Gross	N/A	(\$24,146,000)	\$0
	Federal	N/A	(9,344,800)	0
	Restricted	N/A	(1,000,000)	0
	GF/GP	N/A	(\$13,801,200)	\$0
19. Federal Funding Increases				
Increases federal funding available for Refugee Assistance Program (\$3.7 million), Michigan Community Services Commission (\$3.0 million), Community Services Block Grant (\$750,000), Bureau of Child and Adult Licensing (\$632,400), and Weatherization (\$250,000).	Gross	N/A	\$8,286,400	\$0
	Federal	N/A	8,286,400	0
	GF/GP	N/A	\$0	\$0
20. Child Support Fees				
FY 2010-11 budget removed boilerplate language authorizing DHS to collect an annual \$25 support fee from the custodial parent. <u>House</u> does not reinstitute the \$25 annual fee and removes \$1.0 million in fee revenue fund balance appropriated in FY 2010-11.	Gross	\$0	\$0	\$0
	Restricted	(2,625,000)	(1,000,000)	0
	GF/GP	\$2,625,000	\$1,000,000	\$0
21. Child Support Incentive Payments Replacement				
Changes enacted through ARRA allowed the state to temporarily use federal child support incentive revenues to draw down additional regular federal IV-D funds. \$17.5 million in GF/GP is appropriated to offset potential revenue shortfalls for both the state and counties as a result of the re-instated prohibition from using child support incentive revenues to draw down additional federal funds.	Gross	\$0	\$0	\$0
	Federal	17,489,900	(17,489,900)	0
	GF/GP	(\$17,489,900)	\$17,489,900	\$0
22. ARRA Funding				
Removes \$11.7 million in federal ARRA funding no longer available in FY 2011-12. \$9.5 million in food assistance administration ARRA funds is partially offset with \$4.0 million federal and \$4.0 million GF/GP. \$2.0 million in transitional supportive housing and \$250,000 and 2 FTEs for faith-based grants are not offset.	FTEs	2.0	(2.0)	0.0
	Gross	\$11,745,200	(\$3,759,500)	\$0
	ARRA	11,745,200	(11,745,200)	0
	Federal	0	3,992,900	0
	GF/GP	\$0	\$3,992,800	\$0
23. Office of Inspector General Savings				
Reduces Family Independence Program (FIP) and Child Development and Care Subsidies (CDC) \$4.3 million due to projected cost avoidances as a result of the January 1, 2011 expansion of the Front End Eligibility (FEE) program. FEE inspector general staff will review applications to identify persons ineligible before an application is approved or denied by local office staff. <u>House</u> also reduces \$1.0 million in net savings in public assistance funding from OIG program enhancements.	FTEs	36.0	0.0	0.0
	Gross	(\$7,753,400)	(\$5,274,200)	\$0
	Federal	(3,788,600)	(4,646,700)	0
	GF/GP	(\$3,964,800)	(\$627,500)	\$0

House Changes

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
24. Early Retirement Savings	Gross	N/A	(\$5,664,000)	\$0
Recognizes \$5.7 million in full year net savings from the retirement incentive program enacted in FY 2010-11. Around 1,300 DHS employees retired as a result of the retirement incentive program. Net savings include the added costs from a 5-year banked leave time payout.	IDG	N/A	5,000	0
	Federal	N/A	(3,365,200)	0
	Private	N/A	33,300	0
	Restricted	N/A	(800)	0
	GF/GP	N/A	(\$2,336,300)	\$0
25. Federal Medical Assistance Percentage Adjustments	Gross	N/A	\$0	\$0
Increases GF/GP by \$6.5 million to replace the ARRA FMAP increase no longer available for FY 2011-12. Reduces GF/GP by \$1.2 million from the base FMAP federal match rate adjustment from 65.79% to 66.14%. Recommendation projects additional GF/GP need of \$2.4 million from FMAP adjustment from 66.14% to 65.06% in FY 2012-13. This rate is used to determine federal cost sharing for several DHS programs, specifically foster care, adoption subsidies, and child care subsidies funded with federal Title IV-E.	ARRA	N/A	(6,499,700)	0
	Federal	N/A	1,162,500	(2,436,700)
	GF/GP	N/A	\$5,337,200	\$2,436,700
26. Economic Adjustments	Gross	N/A	\$24,646,500	\$37,385,100
Increases economic costs related to retirement, insurances, workers' compensation, and building occupancy charges by \$24.5 million gross, \$8.5 million GF/GP. Recommendation projects \$37.4 million gross, \$13.4 million GF/GP in economic adjustments for FY 2012-13.	IDG	N/A	7,800	13,100
	Federal	N/A	15,472,000	23,240,400
	Local	N/A	542,600	523,400
	Private	N/A	65,400	149,500
	Restricted	N/A	34,500	55,100
	GF/GP	N/A	\$8,524,200	\$13,403,600

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13

GENERAL SECTIONS

Sec. 223. Medicaid Determination Requirements – DELETED

Requires DHS to determine Medicaid eligibility within 60 days when disability is an eligibility factor and within 45 days for all other applicants.

Sec. 224. Medicaid Applications for Nursing Home Patients – DELETED

Requires DHS to approve or deny Medicaid applications for nursing home patients within 45 days of receipt of necessary information.

Sec. 287. Child Death Reviews and Communication – DELETED

Directs DHS to work collaboratively with the courts and child death review board improve communication and coordination on child death reviews; requires DHS to notify the Children's Ombudsman in certain instances.

CHILD AND FAMILY SERVICES

Sec. 502. Indian Tribal Government Foster Care Reimbursement – DELETED

Requires reimbursement to Indian Tribal governments for 50% of foster care expenditures not otherwise eligible for federal funding.

Sec. 503. Adoption Subsidy Payment Continuance – DELETED

Requires for continuance of adoption subsidy payments after the 18th birthday under certain criteria.

Sec. 513. Child Placements in Out-of-State Facilities – DELETED

Restricts placement of children in out-of-state facilities unless specified criteria are met as determined by the interstate compact office; includes reporting requirement on number of children in out-of-state placements and costs of these placements

Sec. 565. Family Preservation Funding for Wayne County – DELETED

Allocates \$1.6 million of family preservation funding to Wayne County to support home-based programs as part of county expansion of community-based services for delinquent and abused/neglected youth.

Sec. 574. Contracts to License Relative Caregivers – DELETED

Allocates \$2.5 million to private child placing agencies to facilitate licensure of relative caregivers as foster parents and allows private agencies to retain supervision of at least 50% of the newly licensed cases; provides \$375,000 for family incentive grants to help with home improvements needed by foster families.

Major Boilerplate Changes From FY 2010-11

PUBLIC ASSISTANCE

Sec. 601. Shelter Vendor Payments – DELETED

Allows termination of shelter vendor payments if the rental unit is not in compliance with local housing codes, or when the landlord is delinquent on property taxes; requires landlord cooperation with weatherization and conservation efforts.

Sec. 603. Energy Provider Agreements and Standard Utility Allowance Adjustments – DELETED

Allows DHS to make direct payments to energy providers; establishes energy caps based on available federal funds; requires DHS to review and adjust the state food assistance standard utility allowance based on current energy costs.

Sec. 608. Adult Foster Care Facility Payment Limits – DELETED

Prohibits adult foster care facilities and homes for the aged from requiring payments by SSI recipients above legislatively-authorized rates; allows facilities and homes to receive certain third-party payments in addition to SSI.

Sec. 613. Indigent Burial Payment Rates and Pilot Project – DELETED

Establishes provider reimbursement rates of \$455 for funeral directors, \$145 for cemeteries/crematoriums, and \$100 for vault providers; allows DHS to work with funeral directors on a statewide pilot program for direct cremations of unclaimed bodies.

Sec. 615. Illegal Alien Public Assistance Prohibition – DELETED

Prohibits providing public assistance to illegal aliens except as required by federal regulations or for emergency food and shelter services.

Sec. 617. FIP Minor Parent Household Restriction – DELETED

Prohibits a minor parent from receiving family independence program (FIP) benefits if the supervising adult is his or her partner.

Sec. 619. Title IV-A and Food Assistance Benefit Exemption – REVISED

Exempts individuals convicted of a drug felony after August 22, 1996 from the federal prohibition on receiving Title IV-A and food assistance benefits; requires benefits be paid to a third party for these cases. House revision adds additional conditions to be exempt from federal prohibition.

Sec. 635. Child Development and Care (CDC) Provider Central Registry Notification – DELETED

Requires DHS to determine whether a child care provider is listed on the Child Abuse and Neglect Central Registry; if a provider is listed, requires DHS to immediately deny applicant's request for CDC payments.

Sec. 650. Family Independence Program Payment Standards – NEW

Establishes payment standards for family independence program. Payment standards are based on group size.

Sec. 651. Family Independence Program Earned Income Disregard – NEW

Establishes new earned income disregards for family independence program. Earned income disregard for eligibility remains \$200 plus 20%. Earned income disregard for payment standard and case closure is \$200 plus 50%.

Sec. 675. Child Development and Care Services Rate Structure – DELETED

Establishes rate structure for child development and care subsidies; requires enrolled providers complete one-time basic training; allows enrolled providers to receive higher rate if complete 10 hours of additional annual training.

JUVENILE JUSTICE SERVICES

Sec. 726. Residential Provider Contracts and Rate Floor – DELETED

Prohibits DHS from entering or maintaining a contract with for-profit provider of residential services or a provider that uses a for-profit management group unless provider was licensed or management group was under contract on or before August 1, 2007. Establishes floor funding of \$137 per day for these providers.

Sec. 732. Shawono Center Staffing – NEW

Requires DHS to ensure that staff currently employed at Shawono Center are given priority for staff positions they are qualified to fill.