

**SUMMARY: VETOED BUDGET BILL ITEMS
FY 2009-10 State Budget**



HFA Director: Mitchell E. Bean

Note: This document revises the preliminary version of the document dated 11/2/2009.

SUMMARY

In signing the various FY 2009-10 budget bills, the Governor exercised her constitutional power to veto items contained in some of the bills. Those items include both line item appropriations and boilerplate sections that are deemed to be allocations of state funding.

The table below summarizes the amounts of Gross and General Fund/General Purpose (GF/GP) funding vetoed in each budget area. Included in the vetoes made by the Governor are three vetoes of negative line item appropriations in the Corrections and Natural Resources budgets that reflected assumed savings to be realized across multiple line items within those budgets over the course of the fiscal year. Those vetoes have the effect of increasing, rather than reducing, the appropriation amounts contained in those two enrolled budget bills; those increases are shown separately below.

<u>Budget Area</u>	<u>Gross</u>	<u>GF/GP</u>
Vetoes of Positive Funding Amounts		
Agriculture	(\$11,371,700)	(\$537,900)
Community Health	(9,618,500)	(4,063,600)
Corrections	(16,572,100)	(9,057,700)
Energy, Labor, and Economic Growth	(774,000)	(359,000)
Environmental Quality	(125,000)	0
Human Services	(26,758,600)	(7,971,000)
Management and Budget	(8,305,300)	(1,700,000)
Natural Resources	(85,000)	(75,000)
School Aid	(53,992,500)	(1,593,800)
Transportation	(700,000)	0
Treasury	(350,000)	0
SUBTOTAL	(\$128,652,700)	(\$25,358,000)
Vetoes of Negative Funding Amounts		
Corrections	\$42,509,200	\$42,509,200
Natural Resources	350,000	350,000
SUBTOTAL	\$42,859,200	\$42,859,200
NET IMPACT ON STATE BUDGET	(\$85,793,500)	\$17,501,200

The net impacts of the vetoes on the FY 2009-10 state budget compared to the enrolled budget bills are as follows:

- Gross *reduction* of \$85.8 million
- GF/GP *increase* of \$17.5 million

The tables below provided more detailed information on vetoed items in individual budget areas. Note that, in some cases, multiple vetoes are included in a single explanation.

Under Section 33 of Article IV and Section 19 of Article V of the State Constitution of 1963, vetoes of items in budget bills can be overridden if two-thirds of the members elected to and serving in both houses of the Legislature vote to do so.

AGRICULTURE

Analyst: William E. Hamilton

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Local Conservation Districts	Gross	(\$236,900)
Veto eliminates line item which had provided support for local conservation districts. The appropriation for this line had been \$2.8 million GF/GP in 2000-01, and \$1.5 million as recently as FY 2005-06. May jeopardize ability to access federal aid under Farm Bill.	GF/GP	(236,900)
2. Agriculture Development	Gross	(\$300,000)
Governor vetoed a boilerplate appropriation of \$300,000 (IDG) from the DELEG. The Legislature had used the IDG to replace GF/GP in this line. The enacted budget includes only \$327,300 GF/GP in this line; the line had been funded at \$915,000 GF/GP in FY 2000-01.	IDG	(300,000)
3. Michigan Agricultural Surplus System (Food Bank)	Gross	(\$540,100)
Eliminates line which had provided assistance for food bank programs. The line had been funded at \$1.0 million GF/GP in FY 2000-01.	IDG Restricted	(270,100) (270,000)
4. Fairs, Racing, and Producer Security	Gross	(\$1,168,900)
Veto eliminates line; unit includes grain elevator regulatory program. The State Budget Office recommends restoration of line using different fund sources.	Restricted GF/GP	(867,900) (301,000)
5. Premiums – County and State Fairs	Gross	(\$347,800)
The legislature had funded line using State Services Fee Fund (SSFF) revenue; Veto eliminates line.	Restricted	(347,800)
6. Building and Track Improvements	Gross	(\$129,000)
The legislature had funded line using SSFF revenue; Veto eliminates line.	Restricted	(129,000)
7. Horse Industry Programs	Gross	(\$6,149,000)
Vetoes eliminate funding for horse racing programs. The Executive had recommended only \$3.1 million, using Agriculture Equine Industry Development Fund (AEIDF) for these programs.	Restricted	(6,149,000)
	<u>FY 10 Conference</u>	
Purses & supplements-fairs/licensed tracks		1,434,300
Licensed tracks - light horse racing		79,900
Standardbred (SB) breeders' awards		586,400
SB purses/supplements-licensed tracks		1,083,000
SB sire stakes		490,100
Thoroughbred sire stakes		502,300
SB training and stabling		21,800
Thoroughbred program		1,452,500
Thoroughbred owners' awards		75,100
Distribution of outstanding winning tickets		<u>423,600</u>
Total		\$6,149,000
The Governor also vetoed related boilerplate sections.		
8. Office of Racing Commissioner	Gross	(\$2,500,000)
The Conference Report funds this line with \$2.4 million in SSSF revenue and \$100,000 from the AEIDF. The Executive had recommended funding this line with AEIDF.	Restricted	(2,500,000)

The Governor also vetoed related boilerplate sections.

COMMUNITY HEALTH

Analysts: Margaret Alston, Susan Frey, and Robert Schneider

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Injury Control Intervention Project	Gross	(\$200,000)
Veto eliminates line item which includes funding to continue a traumatic brain injury pilot program. Related boilerplate Sec. 1031 is also vetoed.	Federal	(100,000)
	GF/GP	(100,000)
2. Early Childhood Collaborative Secondary Prevention	Gross	(\$524,000)
Vetoes line item for funding of collaborative program with DHS and Education for programs serving at-risk families with children 0-3 years of age.	GF/GP	(524,000)
3. Prenatal Care Outreach and Service Delivery Support	Gross	(\$3,249,300)
Vetoes line item which funds prenatal support services for low-income and uninsured pregnant women, including the nurse family partnership program. Related boilerplate Sections 1107, 1112, and 1139 are also vetoed.	Federal	(2,220,400)
	GF/GP	(1,028,900)
4. Prescription Drug Website	Gross	(\$150,000)
Section 285 is vetoed which eliminates funding included in the Medical Services Administration line item for the costs associated with expanding the current prescription drug website.	Federal	(75,000)
	GF/GP	(75,000)
5. Medications for Treatment of Substance Abuse Disorders	Gross	(\$100)
Section 406 (5) is vetoed which eliminates funding included in the Community Substance Abuse Prevention, Education, and Treatment Programs line item for medications for the treatment of alcoholism and other substance abuse disorders.	GF/GP	(100)
6. Methadone/Buprenorphnic Clinic	Gross	(\$300,000)
Section 406 (6) is vetoed which eliminates funding included in the Community Substance Abuse Prevention, Education, and Treatment Programs line item for a methadone/buprenorphnic clinic in a county with population less than 35,000.	GF/GP	(300,000)
7. Helen M. Nickless Volunteer Clinic	Gross	(\$75,000)
Section 720 is vetoed which eliminates funding included in the Primary Care Services line item for the Helen M. Nickless Volunteer Clinic in Bay City, MI.	GF/GP	(75,000)
8. Nutrition Services Allocation	Gross	(\$120,100)
Section 1419 boilerplate is vetoed, which eliminates \$120,100 GF/GP from the Nutrition Services line item, allocated for Department of Agriculture's Michigan Agricultural Surplus System (MASS) food program.	GF/GP	(120,100)
9. Hospital Disproportionate Share \$5.0 Million Pool	Gross	(\$5,000,000)
Part of Section 1717 boilerplate is vetoed, which eliminates \$5.0 million Gross (\$1,840,500 GF/GP) from the Hospital Disproportionate Share (DSH) Payments line item for the \$5.0 million hospital Medicaid DSH pool.	Federal	(3,159,500)
	GF/GP	(1,840,500)

CORRECTIONS

Analyst: Marilyn Peterson

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Correctional Cost Savings Veto eliminates negative line item representing correctional cost savings equating to \$841 per prisoner, and which was to have been realized through savings and efficiencies directly or indirectly affecting its cost per offender. Associated boilerplate (Sec. 233) also vetoed.	Gross GF/GP	\$38,209,200 38,209,200
2. County Jail Reimbursement Program (CJRP) Vetoes eliminate funding and associated boilerplate (Sec. 414) for county jail reimbursement program, which offers counties per diem payments for housing in jails certain felons who otherwise would have been sentenced to prison. By statute, reimbursement criteria and rates are to be set by budget act boilerplate.	Gross Restricted GF/GP	(\$16,572,100) (7,514,400) (9,057,700)
3. County Jail Reimbursement Program Savings Veto eliminates negative line item that offset CJRP increase, and which was to have been satisfied through departmental savings and efficiencies. Associated boilerplate (Sec. 434) also vetoed.	Gross GF/GP	\$4,300,000 4,300,000

ENERGY, LABOR, AND ECONOMIC GROWTH

Analyst: Mark Wolf

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Housing and Community Development Fund The fund is used to make grants, loans, and provide other assistance for housing and homeownership programs for low income, very low income, and extremely low income households. The only other revenue source (aside from private contributions) for the fund is through an income tax check-off, which generated \$33,700 from 4,200 contributing tax filers (as of July 2009). There is no other appropriation from the fund.	Gross GF/GP	(\$59,000) (59,000)
2. Agriculture Economic Development Funds would have been used within the Agriculture budget to support economic development and export market development programs, to replace GF/GP funds in those lines moved to the food and dairy programs. (Also vetoed in the Agriculture budget, SB 237.)	Gross GF/GP	(\$300,000) (300,000)
3. CET Earmark (Boilerplate) Earmark of \$40,000 from funds used by Michigan Occupational Safety and Health Administration (MIOSHA) for the consultation, education, and training (CET) program to a group representing the aggregates industry. Veto made by taking a reduction in MIOSHA from the Safety Education and Training Fund.	Gross Restricted	(\$40,000) (40,000)
4. Michigan After School Partnership (Boilerplate) Permissive allocation of \$25,000 of unspecified funds for the Michigan After School Partnership. (Funds for this purpose in other departmental budgets were also vetoed.) Veto made by taking a \$25,000 reduction in available federal Workforce Investment Act (WIA) funds from the Workforce Program Subgrantees line item.	Gross Federal	(\$25,000) (25,000)

ENERGY, LABOR, AND ECONOMIC GROWTH (cont.)

Analyst: Mark Wolf

5. Workforce Development Earmark (Boilerplate) Earmark for a workforce development program focusing on low-income individuals. Veto made by taking a reduction in available federal WIA funds from the Workforce Program Subgrantees line item.	Gross Federal	(\$200,000) (200,000)
6. Workforce Development Earmark (Boilerplate) Earmark for a workforce development program providing training in pharmacy technician and medical coding programs. Veto made by taking a reduction in available federal Workforce Investment Act (WIA) funds from the Workforce Program Subgrantees line item.	Gross Federal	(\$150,000) (150,000)

ENVIRONMENTAL QUALITY

Analyst: Viola Bay Wild

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Michigan Youth Conservation Council Funding Governor vetoes boilerplate section 226 which appropriates \$5,000 restricted funding to the MSU Extension Service 4-H Youth Programs to fund the Michigan Youth Conservation Council. As a result of this veto, the executive direction line item will be reduced by \$5,000 restricted funding.	Gross Restricted	(\$5,000) (5,000)
2. Air Quality Permit Program Governor vetoes boilerplate section 237(2) which requires the department to reimburse permit holders the costs of any feasibility studies concerning the best available retrofit technologies (BART) that permit holders are required to perform. As a result of this veto, the air quality programs line item will be reduced by \$120,000 funding.	Gross Federal Restricted	(\$120,000) (72,000) (48,000)

HUMAN SERVICES

Analysts: Kevin Koorstra and Robert Schneider

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Adoption Agency Rate Increase Eliminates increase in contract rates paid to private adoption agencies included in section 581.	Gross Federal GF/GP	(\$6,735,900) (1,970,400) (4,765,500)
2. Before- and After-School Programs Removes funding in section 657 for Before- and After-School programs serving school-aged children.	Gross Federal	(\$3,000,000) (3,000,000)
3. Teenage Parent Counseling Vetoes appropriation in section 523 for program which provides supportive services and counseling for parenting or expectant teens through program contractors.	Gross Federal GF/GP	(\$3,000,000) (2,974,500) (25,500)
4. In-Home Care Incentive Program Removes funding allocated in section 587 for an in-home care incentive program; DHS would reimburse counties 75% of any documented increase in in-home care expenditures.	Gross Federal	(\$3,750,000) (3,750,000)

HUMAN SERVICES (cont.)

Analysts: Kevin Koorstra and Robert Schneider

<p>5. Fatherhood Initiative Vetoes section 415 which provides guidelines for spending Fatherhood Initiative funding to assist fathers in Temporary Assistance for Needy Families (TANF)-eligible families to support their children.</p>	<p>Gross Federal</p>	<p>(\$1,466,200) (1,466,200)</p>
<p>6. Marriage Initiative Vetoes section 416 which provides guidelines for spending Marriage Initiative funding to strengthen marriage in TANF-eligible families.</p>	<p>Gross Federal</p>	<p>(\$2,103,700) (2,103,700)</p>
<p>7. Family Group Decision Making Eliminates line item which supports funding to local agencies to provide family group decision making services to families at-risk of abuse and neglect.</p>	<p>Gross Federal</p>	<p>(\$2,300,000) (2,300,000)</p>
<p>8. Specialized Adoption Contracts Removes appropriation in section 573 which established special contracts with adoption agencies to place long-term permanent wards in adoptive homes.</p>	<p>Gross Federal GF/GP</p>	<p>(\$1,049,400) (193,400) (856,000)</p>
<p>9. Customer Service Resource Center Vetoes section 754, which provided contract funding for a customer service resource center.</p>	<p>Gross GF/GP</p>	<p>(\$850,000) (850,000)</p>
<p>10. Child Support Arrearage Collection Program Eliminates funding in section 908 for a contract aimed at collecting child support arrearages.</p>	<p>Gross Federal GF/GP</p>	<p>(\$500,000) (330,000) (170,000)</p>
<p>11. Earned Income Tax Credit (EITC) Outreach Vetoes section 1104 which authorizes funding for competitive grants to organizations to conduct EITC outreach and education activities.</p>	<p>Gross Federal</p>	<p>(\$500,000) (500,000)</p>
<p>12. Indigent Burial Cremation Program Removes section 613(2) which established a pilot program under which funeral providers would provide for the direct cremation of bodies of indigent persons not claimed by a responsible party.</p>	<p>Gross GF/GP</p>	<p>(\$500,000) (500,000)</p>
<p>13. Boys and Girls Club Eliminates appropriation line item which supported funding for child care programs at Boys and Girls Clubs.</p>	<p>Gross GF/GP</p>	<p>(\$250,000) (250,000)</p>
<p>14. Communities in Schools Vetoes appropriation line item for Communities in Schools programs aimed at partnering community organizations and individuals with local schools.</p>	<p>Gross GF/GP</p>	<p>(\$200,000) (200,000)</p>
<p>15. Bridges Computer System and Criminal Justice Issues Vetoes section 295 which supported modifications to the Bridges computer system to permit greater cooperation with Department of State Police in identifying persons with criminal justice disqualifications from eligibility for DHS programs.</p>	<p>Gross GF/GP</p>	<p>(\$250,000) (250,000)</p>
<p>16. Sanilac County Pilot Program Vetoes section 312 which provided funding for a pilot program in Sanilac County for a care and referral system for families with children.</p>	<p>Gross Federal</p>	<p>(\$120,000) (120,000)</p>
<p>17. Branded Electronic Benefit Transfer (EBT) Card Removes section 299 which required DHS to provide recipients with a new branded MasterCard debit card.</p>	<p>Gross Federal GF/GP</p>	<p>(\$58,000) (29,000) (29,000)</p>

HUMAN SERVICES (cont.)

Analysts: Kevin Koorstra and Robert Schneider

18. Food Aid Outreach Eliminates allocations in section 423(3) for food aid outreach projects in Muskegon and Kent Counties.	Gross GF/GP	(\$50,000) (50,000)
19. Durable Goods and Services Procurement Study Removes funding included in section 286 for a contract with a private vendor to study ways to streamline DHS procurement procedures for durable goods and services.	Gross Federal	(\$25,000) (25,000)
20. Payments to Providers Vetoes section 288 which prohibited DHS from establishing time limits on payments to providers for properly documented services; and required the use of GF/GP to make payments when federal funds were not available due to time restrictions on federal claims.	Gross GF/GP	(\$25,000) (25,000)
21. Michigan After-School Partnership Eliminates funding allocated in section 676 to the Michigan After-School Partnership.	Gross Federal	(\$25,000) (25,000)
22. Federal Stimulus Placeholders Vetoes sections 1201 through 1204 which provided \$100 appropriations as placeholders for federal American Recovery and Reinvestment Act (ARRA) stimulus dollars in the areas of eligibility staff, food assistance outreach, and child care issues.	Gross Federal	(\$400) (400)

MANAGEMENT AND BUDGET

Analyst: Benjamin Gielczyk

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Census Tracking and Reapportionment Veto eliminates line item which had provided support for equipment, supplies, and services needed for tracking census and reapportionment information. Funding for this line item was to be equally distributed between Senate and House. Accompanying boilerplate in Section 726 was vetoed as well.	Gross GF/GP	(\$1,200,000) (1,200,000)
2. Michigan State Fair Governor vetoed a boilerplate appropriation of \$7,105,300 for the Michigan State Fair. The budget had included Michigan State Fair funding in the Budget and Financial Management line item. Accompanying boilerplate in Sections 726 and 726a was vetoed as well.	Gross Restricted GF/GP	(\$7,105,300) (6,605,300) (500,000)

NATURAL RESOURCES

Analyst: Viola Bay Wild

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Cormorant Population Mitigation Program Veto eliminates line item and \$75,000 GF/GP funding for the Cormorant population mitigation program.	Gross GF/GP	(\$75,000) (75,000)

NATURAL RESOURCES (cont.)

Analyst: Viola Bay Wild

2. DEQ/DNR Consolidation Savings	Gross	\$350,000
Veto eliminates line item that recognized \$350,000 GF/GP savings to be realized through the consolidation of the DNR and DEQ departments. Under the provisions of Executive Order 2009-45, the Department of Natural Resource Management and Environmental Protection would be created officially on January 17, 2010.	GF/GP	350,000
3. Snowmobile Trail Funding	Gross	(\$10,000)
Governor vetoes boilerplate section 1204 which required the department to provide a snowmobile route between Bellaire to the Jordan River Trail. As a result of this veto, the snowmobile local grants program line item will be reduced by \$10,000 restricted funding.	Restricted	(10,000)

SCHOOL AID

Analysts: Mary Ann Cleary and Bethany Wicksall

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Sec. 20J Payments	Gross	(\$51,500,000)
Veto eliminates supplemental foundation allowance payments for certain hold harmless districts which allowed them to grow by the same amount as all districts as opposed to being capped at the rate of inflation as is otherwise statutorily required.	Restricted	(51,500,000)
2. Early Childhood Abuse and Neglect Prevention Grants	Gross	(\$1,593,800)
Eliminates funding for programs for parents with 0-3 year-old children for secondary services to prevent abuse and neglect.	GF/GP	(1,593,800)
3. Advanced and Accelerated Programs	Gross	(\$285,000)
Eliminates funding for Intermediate School District (ISD) summer programs for gifted and talented students.	Restricted	(285,000)
4. Cultural Access Grants	Gross	(\$100,000)
Eliminates funding for grants to assist some districts in providing students with cultural experiences.	Restricted	(100,000)
5. Michigan After-School Partnership	Gross	(\$50,000)
Vetoes a provision that allowed for up to \$50,000 of the 21st Century Community Learning Center funds to be used for the Michigan After-School Partnership.	Federal	(50,000)
6. Oakland ISD Voc Ed Earmark	Gross	(\$388,700)
Eliminates a separate vocational education payment to Oakland ISD.	Restricted	(388,700)
7. Kalamazoo PreCollege Engineering	Gross	(\$75,000)
Vetoes eliminate funding for the Kalamazoo Regional Educational Service Agency (RESA) precollege engineering program.	Restricted	(75,000)

TRANSPORTATION

Analyst: William E. Hamilton

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Collection, Enforcement, and other Agency Support Services – MTF Grant to the Department of Treasury The Governor vetoed boilerplate section 306(3) which required an alternative cost allocation study of State Treasurer costs associated with collection of motor fuel taxes – the spending authority in the line is reduced estimated cost of the study.	Gross Restricted	(\$100,000) (100,000)
2. State Trunkline Road and Bridge and Federal Aid Construction "Give 'em a Brake" The Governor vetoed boilerplate section 324 which earmarked \$500,000 for the "Give 'em a brake" campaign.	Gross Restricted	(\$500,000) (500,000)
3. Intercity Services – Lost Ridership The Governor vetoed boilerplate section 729 which had earmarked \$100,000 from the Comprehensive Transportation Fund to be used for lost ridership support and/or marketing efforts for intercity bus service.	Gross Restricted	(\$100,000) (100,000)

TREASURY - MICHIGAN STRATEGIC FUND

Analyst: Benjamin Gielczyk

<u>Vetoed FY 2009-10 Item</u>	<u>Fund Source</u>	<u>Funding Amount</u>
1. Business Incubator Program Governor vetoed a boilerplate appropriation of \$350,000 for two business incubators. The line had been funded at \$1.3 million GF/GP in FY 2009-10. Accompanying boilerplate in Section 1034 was vetoed as well.	Gross Restricted	(\$350,000) (350,000)