



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 777 (Substitute S-4 as passed by the Senate)
Sponsor: Senator Dave Hildenbrand
Committee: Appropriations

Date Completed: 5-4-16

CONTENT

The bill would provide supplemental appropriations for fiscal year (FY) 2015-16 for the Flint water emergency. The bill proposes Gross appropriations of \$128.0 million, including \$101.0 million of General Fund/General Purpose (GF/GP) revenue for seven State budget areas. All of the supplemental appropriations in the bill were recommended by the State Budget Office (SBO) in Requests 2016-6 and 2016-7, except for the Attorney General provisions, funding for private child welfare agencies serving Flint, and reimbursement to Genesee County for water emergency costs. [Table 1](#) summarizes the appropriations in the bill, and [Table 2](#) provides a summary of the estimated cumulative FY 2015-16 and FY 2016-17 enacted and pending Flint water emergency appropriations.

Table 1
Summary of Supplemental Appropriations

Budget Area	Gross	Federal	State Restricted	GF/GP
Attorney General	\$1,300,000	\$0	\$1,300,000	\$0
Education	25,600,000	19,600,000	0	6,000,000
Environmental Quality	33,350,000	0	0	33,350,000
Health & Human Services.....	8,611,000	6,100,000	0	2,511,000
Natural Resources.....	250,000	0	0	250,000
School Aid	9,200,000	0	0	9,200,000
Technology, Mgt., & Budget	49,679,000	0	0	49,679,000
TOTAL.....	\$127,990,000	\$25,700,000	\$1,300,000	\$100,990,000

Table 2
Summary of Estimated Cumulative Flint Water Emergency Appropriations

	Gross	GF/GP
Public Act 143 of 2015	\$9,350,100	\$7,150,100
Public Act 3 of 2016	28,028,500	22,631,500
Public Act 24 of 2016.....	30,000,000	30,000,000
State Budget Office Request #6 (Balance after PA 24 of 2016)	117,490,000	91,790,000
State Budget Office Request #7 (School Aid-Early On)	9,200,000	9,200,000
FY 2015-16 Enacted/Proposed Supplementals	\$194,068,600	\$160,771,600
FY 2016-17 Governor's Recommendation	\$38,730,900	\$24,636,700
EST. CUMULATIVE FLINT WATER EMERGENCY TOTAL	\$232,799,500	\$185,408,300

FISCAL IMPACT

The bill would increase FY 2015-16 Gross State appropriations by \$127,990,000, Federal appropriations by \$25,700,000, State Restricted appropriations by \$1,300,000, and GF/GP appropriations by \$100,990,000. Table 3 summarizes the details of the appropriations in the bill, based on information in the SBO requests and from the pertinent State departments. The bill includes a lump sum line-item amount entitled "Drinking water declaration of emergency", for each budget area and does not include specific dollar amounts for any of the appropriation items listed in Table 3.

Table 3

Flint Water Emergency: Senate Bill 777		
Department/Program	Senate-Passed	
	Gross	GF/GP
Attorney General		
Legal expenses (lawsuit settlement proceeds fund)	\$1,300,000	\$0
Total Attorney General	\$1,300,000	\$0
Education		
Nutrition programs (\$3.5 million TANF)	\$9,500,000	\$6,000,000
Child care assistance services (Federal)	8,000,000	0
Child care development fund reserve (Federal)	8,000,000	0
Lead communications to child care providers (Federal)	100,000	0
Total Education	\$25,600,000	\$6,000,000
Environmental Quality		
Utility infrastructure and filters	\$25,000,000	\$25,000,000
Retain Detroit water connection	3,900,000	3,900,000
Water response team (4.0 FTEs)	2,250,000	2,250,000
Flint water system needs	2,200,000	2,200,000
Total Environmental Quality	\$33,350,000	\$33,350,000
Health and Human Services		
TANF reserve for Flint (Federal)	\$6,100,000	\$0
Intensive behavioral therapy	1,500,000	1,500,000
Nutrition support, food banks, community education	430,000	430,000
Private child welfare agencies foster care payments	321,000	321,000
Home visits	260,000	260,000
Total Health and Human Services	\$8,611,000	\$2,511,000
Natural Resources		
Summer youth program	\$250,000	\$250,000
Total Natural Resources	\$250,000	\$250,000
School Aid		
Early On services	\$9,200,000	\$9,200,000
Total School Aid	\$9,200,000	\$9,200,000
Technology, Management, and Budget		
Drinking water declaration of emergency reserve fund	\$48,562,300	\$48,562,300
Reimburse Genesee County for water emergency costs	1,116,700	1,116,700
Total Technology, Management, and Budget	\$49,679,000	\$49,679,000
TOTAL APPROPRIATIONS	\$127,990,000	\$100,990,000
Note: Numbers in this table are not specifically included in the bill or SBO requests, but are SBO estimates of "Drinking water declaration of emergency" spending; the Governor's FY 2016-17 budget includes \$100 Drinking water declaration of emergency reserve fund placeholders for contingency fund transfers.		

BOILERPLATE LANGUAGE SECTIONS

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

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

Sec. 301. Attorney General. Appropriates up to \$1.3 million from the lawsuit settlement proceeds fund for costs and expenses related to the declaration of emergency due to drinking water contamination.

Sec. 401. Department of Education. Allocates funds appropriated for the Department to address the child care and nutrition needs in Flint; and requires funds to be used for: a pilot program that removes household income as an eligibility determinant for half-day child care services for children from birth to three years old, intervention services for children demonstrating developmental delays associated with exposure to lead, and the purchase and delivery of fresh fruits and vegetables.

Sec. 402. Department of Education. Allocates \$8.0 million of Federal child care development funds for Flint emergency needs, and designates unspent funds as a work project.

Sec. 501. Environmental Quality. Authorizes payment of up to \$3.9 million to the Great Lakes Water Authority, pursuant to a legally executable agreement, to pay service costs from July 2016 through September 30, 2016.

Sec. 502. Environmental Quality. Authorizes payment of up to \$25.0 million for the replacement of lead service lines for high-risk, high-hazard Flint homes.

Sec. 503. Environmental Quality. Allocates funds for Flint water system needs and the Flint water response team.

Sec. 504. Environmental Quality. Requires the State and Flint to sign a grant agreement for lead service line removal; requires unspent or unencumbered funds to be returned to the State's General Fund; and requires the Auditor General to conduct an audit of the City's use of the funds.

Sec. 601. Health and Human Services. Allocates funds appropriated for the drinking water declaration of emergency for food bank resources, evidence-based home visiting programs, and intensive services and outreach for children.

Sec. 602. Health and Human Services. Allocates \$6.1 million of Federal Temporary Assistance for Needy Families funding for Flint emergency needs, and designates unspent funds as a work project.

Sec. 603. Health and Human Services. Provides an additional administrative rate of \$10.00 per day, per child, for licensed private child welfare agencies serving Flint.

Sec. 701. Natural Resources. Allocates funds appropriated for the drinking water declaration of emergency to support a limited summer youth employment program.

Sec. 801. School Aid. Allocates \$9.2 million appropriated for Flint Early On services to the Genesee Intermediate School District for services to children less than five years of age as of September 1, 2015, who did not participate in Great Start readiness programs; and requires the Michigan Department of Education to administer the services consistent with the definitions of services in the Early On Michigan state plan.

Sec. 901. Technology, Management, and Budget. Creates a \$50.0 million Drinking Water Declaration of Emergency Reserve Fund; requires an appropriation or legislative transfer in order to spend from the Fund; and requires unspent dollars in the Fund at the close of the fiscal year to remain in the Fund and not lapse to the General Fund.

Sec. 902. Technology, Management, and Budget. Allows the Department to contract with an integrity oversight monitor using funds from the Drinking Water Declaration of Emergency Reserve Fund; requires the monitor to be selected from a list of one or more integrity oversight monitors created by the department; and requires a detailed report to the Governor, the Department, and members of the Legislature.

Sec. 903. Technology, Management, and Budget. Requires that up to \$1,116,700 be provided to Genesee County for costs and expenses associated with the drinking water declaration of emergency.

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