

**SUBSTITUTE FOR
SENATE BILL NO. 777**

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2016; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2016, from the following funds:

APPROPRIATION SUMMARY

Full-time equated classified positions.....	16.0	
GROSS APPROPRIATION.....		\$ 144,382,000
Total interdepartmental grants and intradepartmental		

1	transfers		0
2	ADJUSTED GROSS APPROPRIATION.....	\$	144,382,000
3	Total federal revenues.....		42,092,000
4	Total local revenues.....		0
5	Total private revenues.....		0
6	Total other state restricted revenues.....		1,300,000
7	State general fund/general purpose.....	\$	100,990,000

8 **Sec. 102. DEPARTMENT OF ATTORNEY GENERAL**

9 **(1) APPROPRIATION SUMMARY**

10	GROSS APPROPRIATION.....	\$	1,300,000
11	Interdepartmental grant revenues:		
12	Total interdepartmental grants and intradepartmental		
13	transfers		0
14	ADJUSTED GROSS APPROPRIATION.....	\$	1,300,000
15	Federal revenues:		
16	Total federal revenues.....		0
17	Special revenue funds:		
18	Total local revenues.....		0
19	Total private revenues.....		0
20	Total other state restricted revenues.....		1,300,000
21	State general fund/general purpose.....	\$	0

22 **(2) ATTORNEY GENERAL OPERATIONS**

23	Drinking water declaration of emergency legal services	\$	<u>1,300,000</u>
24	GROSS APPROPRIATION.....	\$	1,300,000
25	Appropriated from:		
26	Special revenue funds:		

1	Lawsuit settlement proceeds fund.....		1,300,000
2	State general fund/general purpose.....	\$	0

3 **Sec. 103. DEPARTMENT OF EDUCATION**

4 **(1) APPROPRIATION SUMMARY**

5	GROSS APPROPRIATION.....	\$	25,600,000
6	Interdepartmental grant revenues:		
7	Total interdepartmental grants and intradepartmental		
8	transfers		0

9	ADJUSTED GROSS APPROPRIATION.....	\$	25,600,000
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10 Federal revenues:

11	Total federal revenues.....		19,600,000
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12 Special revenue funds:

13	Total local revenues.....		0
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14	Total private revenues.....		0
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15	Total other state restricted revenues.....		0
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16	State general fund/general purpose.....	\$	6,000,000
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17 **(2) CENTRAL SUPPORT**

18	Drinking water declaration of emergency.....	\$	<u>25,600,000</u>
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19	GROSS APPROPRIATION.....	\$	25,600,000
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20 Appropriated from:

21 Federal revenues:

22	Federal revenues.....		19,600,000
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23	State general fund/general purpose.....	\$	6,000,000
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24 **Sec. 104. DEPARTMENT OF ENVIRONMENTAL QUALITY**

25 **(1) APPROPRIATION SUMMARY**

1	Full-time equated classified positions.....	4.0	
2	GROSS APPROPRIATION.....		\$ 33,350,000
3	Interdepartmental grant revenues:		
4	Total interdepartmental grants and intradepartmental		
5	transfers		0
6	ADJUSTED GROSS APPROPRIATION.....		\$ 33,350,000
7	Federal revenues:		
8	Total federal revenues.....		0
9	Special revenue funds:		
10	Total local revenues.....		0
11	Total private revenues.....		0
12	Total other state restricted revenues.....		0
13	State general fund/general purpose.....		\$ 33,350,000
14	(2) RESOURCE MANAGEMENT DIVISION		
15	Full-time equated classified positions.....	4.0	
16	Drinking water declaration of emergency--4.0 FTE		
17	positions		\$ <u>33,350,000</u>
18	GROSS APPROPRIATION.....		\$ 33,350,000
19	Appropriated from:		
20	State general fund/general purpose.....		\$ 33,350,000
21	Sec. 105. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
22	(1) APPROPRIATION SUMMARY		
23	Full-time equated classified positions.....	12.0	
24	GROSS APPROPRIATION.....		\$ 29,152,600
25	Interdepartmental grant revenues:		
26	Total interdepartmental grants and intradepartmental		

1	transfers		0
2	ADJUSTED GROSS APPROPRIATION.....	\$	29,152,600
3	Federal revenues:		
4	Total federal revenues.....		22,492,000
5	Special revenue funds:		
6	Total local revenues.....		0
7	Total private revenues.....		0
8	Total other state restricted revenues.....		0
9	State general fund/general purpose.....	\$	6,660,600
10	(2) DEPARTMENTWIDE ADMINISTRATION		
11	Information technology projects and services.....	\$	5,975,000
12	Michigan Medicaid information system.....		<u>1,025,000</u>
13	GROSS APPROPRIATION.....	\$	7,000,000
14	Appropriated from:		
15	Federal revenues:		
16	Total other federal revenues.....		5,250,000
17	State general fund/general purpose.....	\$	1,750,000
18	(3) LOCAL HEALTH ADMINISTRATION AND GRANTS		
19	Drinking water declaration of emergency.....	\$	<u>8,290,000</u>
20	GROSS APPROPRIATION.....	\$	8,290,000
21	Appropriated from:		
22	Federal revenues:		
23	Social security act, temporary assistance for needy		
24	families		6,100,000
25	State general fund/general purpose.....	\$	2,190,000
26	(4) FIELD OPERATIONS AND SUPPORT SERVICES		
27	Full-time equated classified positions.....		12.0

1	Public assistance field staff--12.0 FTE positions	\$	<u>700,800</u>
2	GROSS APPROPRIATION.....	\$	700,800
3	Appropriated from:		
4	Federal revenues:		
5	Total other federal revenues.....		350,400
6	State general fund/general purpose.....	\$	350,400
7	(5) MEDICAL SERVICES		
8	Physician services.....	\$	7,513,500
9	Health plan services.....		5,648,300
10	Subtotal basic medical services program.....		<u>13,161,800</u>
11	GROSS APPROPRIATION.....	\$	13,161,800
12	Appropriated from:		
13	Federal revenues:		
14	Total other federal revenues.....		10,791,600
15	State general fund/general purpose.....	\$	2,370,200
16	Sec. 106. DEPARTMENT OF NATURAL RESOURCES		
17	(1) APPROPRIATION SUMMARY		
18	GROSS APPROPRIATION.....	\$	250,000
19	Interdepartmental grant revenues:		
20	Total interdepartmental grants and intradepartmental		
21	transfers		0
22	ADJUSTED GROSS APPROPRIATION.....	\$	250,000
23	Federal revenues:		
24	Total federal revenues.....		0
25	Special revenue funds:		
26	Total local revenues.....		0

1	Total private revenues.....		0
2	Total other state restricted revenues.....		0
3	State general fund/general purpose.....	\$	250,000
4	(2) DEPARTMENT INITIATIVES		
5	Drinking water declaration of emergency.....	\$	<u>250,000</u>
6	GROSS APPROPRIATION.....	\$	250,000
7	Appropriated from:		
8	State general fund/general purpose.....	\$	250,000
9	Sec. 107. SCHOOL AID		
10	(1) APPROPRIATION SUMMARY		
11	GROSS APPROPRIATION.....	\$	9,200,000
12	Interdepartmental grant revenues:		
13	Total interdepartmental grants and intradepartmental		
14	transfers		0
15	ADJUSTED GROSS APPROPRIATION.....	\$	9,200,000
16	Federal revenues:		
17	Total federal revenues.....		0
18	Special revenue funds:		
19	Total local revenues.....		0
20	Total private revenues.....		0
21	Total other state restricted revenues.....		0
22	State general fund/general purpose.....	\$	9,200,000
23	(2) SCHOOL AID		
24	State early on services for the drinking water		
25	declaration of emergency	\$	<u>9,200,000</u>
26	GROSS APPROPRIATION.....	\$	9,200,000

1	Appropriated from:		
2	State general fund/general purpose	\$	9,200,000
3	Sec. 108. DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND		
4	BUDGET		
5	(1) APPROPRIATION SUMMARY		
6	GROSS APPROPRIATION	\$	45,529,400
7	Interdepartmental grant revenues:		
8	Total interdepartmental grants and intradepartmental		
9	transfers		0
10	ADJUSTED GROSS APPROPRIATION	\$	45,529,400
11	Federal revenues:		
12	Total federal revenues		0
13	Special revenue funds:		
14	Total local revenues		0
15	Total private revenues		0
16	Total other state restricted revenues		0
17	State general fund/general purpose	\$	45,529,400
18	(2) ONE-TIME BASIS ONLY APPROPRIATIONS		
19	Drinking water emergency reserve fund	\$	<u>45,529,400</u>
20	GROSS APPROPRIATION	\$	45,529,400
21	Appropriated from:		
22	State general fund/general purpose	\$	45,529,400

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PART 2

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PROVISIONS CONCERNING APPROPRIATIONS

1 **GENERAL SECTIONS**

2 Sec. 201. In accordance with the provisions of section 30 of
3 article IX of the state constitution of 1963, total state spending
4 from state resources in this appropriation act for the fiscal year
5 ending September 30, 2016 is \$102,290,000.00 and state
6 appropriations paid to local units of government are \$9,200,000.00.

7 Sec. 202. The appropriations authorized under this act are
8 subject to the management and budget act, 1984 PA 431, MCL 18.1101
9 to 18.1594.

10 **DEPARTMENT OF ATTORNEY GENERAL**

11 Sec. 301. From the lawsuit settlement proceeds fund in the
12 department of treasury, there is appropriated to the department of
13 attorney general up to \$1,300,000.00 for fiscal year 2015-2016 to
14 be allocated for costs and associated expenses related to the
15 declaration of emergency due to drinking water contamination.

16 **DEPARTMENT OF EDUCATION**

17 Sec. 401. (1) From the funds appropriated in part 1 for the
18 drinking water declaration of emergency, the department of
19 education shall allocate funding to address the child care and
20 nutrition needs in the city in which a drinking water declaration
21 of emergency was issued. Funds shall be used to support the
22 following activities:

23 (a) Pilot the expansion of child development and care
24 eligibility to children ages birth to 3 for half-day child care
25 services by removing household income as a determinant of

1 eligibility.

2 (b) Provide information to child care providers on
3 identification and intervention services for children demonstrating
4 developmental delays associated with exposure to lead.

5 (c) Provide additional reimbursements for meals to ensure that
6 children receive additional servings of fresh fruits and
7 vegetables.

8 (d) Expand existing pilot programs to allow families with
9 children to purchase fresh fruits and vegetables and implement a
10 voucher program based on existing models to allow families to
11 purchase produce at local farmer's markets.

12 (e) Coordinate with local organizations to expand home
13 delivery of fresh fruits and vegetables.

14 (2) The department of education shall amend definitions and
15 eligibility requirements in the child care and development fund
16 state plan as necessary to implement this section.

17 (3) From the funds appropriated in part 1, the department of
18 education is authorized to make allocations of federal temporary
19 assistance to needy families funds for food and nutrition needs
20 provided to families meeting eligibility requirements under that
21 program. The department of education shall work with the department
22 of health and human services to utilize federal funds to the
23 maximum extent possible, including, if necessary, revision to the
24 temporary assistance to needy families state plan to expand
25 eligibility to needy families impacted by the emergency.

26 Sec. 402. (1) From the funds appropriated in part 1 for the
27 drinking water declaration of emergency, there is allocated

1 \$8,000,000.00 in federal child care development funds for emergency
2 needs.

3 (2) The unexpended funds appropriated for the drinking water
4 declaration of emergency for emergency needs are designated as a
5 work project appropriation, and any unencumbered or unallotted
6 funds shall not lapse at the end of the fiscal year and shall be
7 available for expenditures for projects under this section until
8 the projects have been completed. The following is in compliance
9 with section 451a of the management and budget act, 1984 PA 431,
10 MCL 18.1451a:

11 (a) The purpose of the project is to provide for children
12 impacted by the drinking water declaration of emergency.

13 (b) The projects will be accomplished by utilizing state
14 employees or contracts with service providers, or both.

15 (c) The total estimated cost of the project is \$8,000,000.00.

16 (d) The tentative completion date is September 30, 2018.

17 **DEPARTMENT OF ENVIRONMENTAL QUALITY**

18 Sec. 501. From the funds appropriated in part 1 for the
19 drinking water declaration of emergency, the department of
20 environmental quality is authorized to pay up to \$3,900,000.00 to
21 the municipal water system. The payments shall only be made once a
22 legally executable agreement has been reached between the parties.
23 These funds are intended to pay service costs from July 2016
24 through September 30, 2016.

25 Sec. 502. From the funds appropriated in part 1 for the
26 drinking water declaration of emergency, the department of

1 environmental quality is authorized to pay up to \$25,000,000.00 for
2 the replacement of lead service lines for high-risk, high-hazard
3 homes.

4 Sec. 503. From the funds appropriated in part 1 for the
5 drinking water declaration of emergency, the department of
6 environmental quality shall allocate funds to address needs related
7 to the declaration of emergency for drinking water contamination.
8 These funds may support, but are not limited to, the following
9 activities:

10 (a) Water system needs.

11 (b) Water response team.

12 Sec. 504. From the funds appropriated in part 1, the
13 department of environmental quality shall grant \$25,000,000.00 to a
14 city in which a declaration of emergency due to drinking water
15 contamination was issued for lead service line removal based on a
16 signed grant agreement between this state and that city. Any funds
17 not spent or encumbered by that city for lead service line
18 replacement by September 30, 2017 shall be returned to the general
19 fund of this state. The office of auditor general shall conduct an
20 audit of that city's use of the funds by January 1, 2018 and
21 identify if any funds need to be returned to this state.

22 **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

23 Sec. 601. From the funds appropriated in part 1 for the
24 drinking water declaration of emergency, the department of health
25 and human services shall allocate funds to address needs related to
26 the declaration of emergency for drinking water contamination.

1 These funds may support, but are not limited to, the following
2 activities:

3 (a) Food bank resources.

4 (b) Evidence-based home visiting programs.

5 (c) Intensive services and outreach for children.

6 Sec. 602. (1) For the fiscal year ending September 30, 2016,
7 from the funds appropriated in part 1, \$6,100,000.00 in federal
8 temporary assistance for needy families funds shall be allocated
9 for emergency needs.

10 (2) The unexpended funds appropriated for drinking water
11 declaration of emergency are redesignated as a work project
12 appropriation, and any unencumbered or unallotted funds shall not
13 lapse at the end of the fiscal year and shall be available for
14 expenditures for projects under this section until the projects
15 have been completed. The following is in compliance with section
16 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

17 (a) The purpose of the project is to provide for children
18 impacted by the declaration of emergency for drinking water
19 contamination.

20 (b) The projects will be accomplished by utilizing state
21 employees or contracts with service providers, or both.

22 (c) The total estimated cost of the project is \$6,100,000.00.

23 (d) The tentative completion date is September 30, 2018.

24 **DEPARTMENT OF NATURAL RESOURCES**

25 Sec. 701. From the funds appropriated in part 1 for the
26 drinking water declaration of emergency, the department of natural

1 resources shall allocate funds to address needs related to the
2 declaration of emergency for drinking water contamination. These
3 funds shall support a limited summer youth employment program.

4 **SCHOOL AID**

5 Sec. 801. From the amount appropriated in part 1 for state
6 Early On services for the drinking water declaration of emergency,
7 the department of education shall allocate \$9,200,000.00 to an
8 intermediate school district for the purpose of providing state
9 Early On services to children who reside within the boundaries of a
10 constituent district with the majority of its territory located
11 within the boundaries of a city in which a declaration of emergency
12 for drinking water contamination was issued. For the purposes of
13 this section, state Early On services shall be provided to children
14 less than 5 years of age as of September 1, 2015 who did not
15 participate in great start readiness programs described in sections
16 32d and 39 of the state school aid act of 1979, 1979 PA 94, MCL
17 388.1632d and 388.1639. The department of education shall
18 administer the state Early On services consistent with the
19 definitions of services contained in the Early On Michigan state
20 plan.

21 **DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET**

22 Sec. 901. (1) The drinking water declaration of emergency
23 reserve fund is created within the state treasury.

24 (2) From the funds appropriated in part 1 for the drinking
25 water declaration of emergency reserve fund, \$50,000,000.00 shall

1 be deposited into the drinking water declaration of emergency
2 reserve fund. In addition to the drinking water declaration of
3 emergency reserve fund, federal funds appropriated in the
4 departments of education and health and human services will also be
5 held in reserve via a work project for future emergency needs.

6 (3) Funds may only be spent from the drinking water
7 declaration of emergency reserve fund upon appropriation, or
8 legislative transfer pursuant to the section 393 of the management
9 and budget act, 1984 PA 431, MCL 18.1393.

10 (4) Interest and earnings from the investment of funds
11 deposited in the drinking water declaration of emergency reserve
12 fund shall be deposited in the general fund.

13 (5) Funds in the drinking water declaration of emergency
14 reserve fund at the close of a fiscal year shall remain in the
15 drinking water declaration of emergency reserve fund and shall not
16 lapse to the general fund.

17 Sec. 902. (1) From the funds appropriated in part 1 for the
18 drinking water declaration of emergency reserve fund, the
19 department of technology, management, and budget may contract with
20 an integrity oversight monitor to ensure legal compliance, detect
21 misconduct, and promote best practices in the expenditure of the
22 funds appropriated under this act as determined by the department
23 of technology, management, and budget. The integrity oversight
24 monitor shall supplement this state's existing compliance control
25 mechanisms to prevent the inefficient expenditure of state funds.

26 (2) The integrity oversight monitor shall be selected by the
27 department of technology, management, and budget from a list of 1

1 or more integrity oversight monitors created and maintained by the
2 department of technology, management, and budget.

3 (3) A person may not interfere with, prevent, or prohibit the
4 integrity oversight monitor from carrying out his or her duties as
5 established in this section and set by the department of
6 technology, management, and budget.

7 (4) All departments, state agencies, committees,
8 commissioners, or officers of this state and any political
9 subdivision of this state, so far as is compatible with their
10 duties, shall give the integrity oversight monitor any necessary
11 assistance required by the integrity oversight monitor in the
12 performance of the duties of the integrity oversight monitor.

13 (5) Not later than May 1 of each year for the first 6-month
14 period of the fiscal year and not later than November 1 for the
15 second 6-month period of the fiscal year, the integrity oversight
16 monitor shall provide a detailed report to the governor, the
17 department of technology, management, and budget, the secretary of
18 the senate, the clerk of the house of representatives, and the
19 chairpersons of the senate and house of representatives committees
20 on appropriations. The report shall contain all of the following:

21 (a) Detail of the integrity oversight monitor's services for
22 the 6-month period.

23 (b) Details of findings of malfeasance or inefficiency.

24 (c) Recommendations for corrective actions by any governmental
25 entities.

26 (6) As used in this section, "integrity oversight monitor"
27 means a private entity that contracts to provide specialized

1 services to ensure legal compliance, detect misconduct, and promote
2 best practices in the administration of recovery and rebuilding
3 projects, which services may include, but shall not be limited to,
4 legal, investigative, accounting, forensic accounting, engineering,
5 other professional specialties, risk assessment, developing
6 compliance system constructs, loss prevention, monitoring, contract
7 managers, and independent private inspectors general.