

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.....	4.0	
GROSS APPROPRIATION.....	\$	127,990,000

1	Total interdepartmental grants and intradepartmental		
2	transfers .....		0
3	ADJUSTED GROSS APPROPRIATION.....	\$	127,990,000
4	Total federal revenues.....		25,700,000
5	Total local revenues.....		0
6	Total private revenues.....		0
7	Total other state restricted revenues.....		1,300,000
8	State general fund/general purpose.....	\$	100,990,000
9	<b>Sec. 102. DEPARTMENT OF ATTORNEY GENERAL</b>		
10	<b>(1) APPROPRIATION SUMMARY</b>		
11	GROSS APPROPRIATION.....	\$	1,300,000
12	Interdepartmental grant revenues:		
13	Total interdepartmental grants and intradepartmental		
14	transfers .....		0
15	ADJUSTED GROSS APPROPRIATION.....	\$	1,300,000
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.....		1,300,000
22	State general fund/general purpose.....	\$	0
23	<b>(2) ATTORNEY GENERAL OPERATIONS</b>		
24	Drinking water declaration of emergency legal services	\$	<u>1,300,000</u>
25	GROSS APPROPRIATION.....	\$	1,300,000
26	Appropriated from:		

1	Special revenue funds:		
2	Lawsuit settlement proceeds fund.....		1,300,000
3	State general fund/general purpose.....	\$	0
4	<b>Sec. 103. DEPARTMENT OF EDUCATION</b>		
5	<b>(1) APPROPRIATION SUMMARY</b>		
6	GROSS APPROPRIATION.....	\$	25,600,000
7	Interdepartmental grant revenues:		
8	Total interdepartmental grants and intradepartmental		
9	transfers .....		0
10	ADJUSTED GROSS APPROPRIATION.....	\$	25,600,000
11	Federal revenues:		
12	Total federal revenues.....		19,600,000
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.....	\$	6,000,000
18	<b>(2) CENTRAL SUPPORT</b>		
19	Drinking water declaration of emergency.....	\$	<u>25,600,000</u>
20	GROSS APPROPRIATION.....	\$	25,600,000
21	Appropriated from:		
22	Federal revenues:		
23	Federal revenues.....		19,600,000
24	State general fund/general purpose.....	\$	6,000,000
25	<b>Sec. 104. DEPARTMENT OF ENVIRONMENTAL QUALITY</b>		

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1       **(1) APPROPRIATION SUMMARY**

2       Full-time equated classified positions..... 4.0

3       GROSS APPROPRIATION..... \$       33,350,000

4       Interdepartmental grant revenues:

5       Total interdepartmental grants and intradepartmental

6       transfers ..... 0

7       ADJUSTED GROSS APPROPRIATION..... \$       33,350,000

8       Federal revenues:

9       Total federal revenues..... 0

10       Special revenue funds:

11       Total local revenues..... 0

12       Total private revenues..... 0

13       Total other state restricted revenues..... 0

14       State general fund/general purpose..... \$       33,350,000

15       **(2) RESOURCE MANAGEMENT DIVISION**

16       Full-time equated classified positions..... 4.0

17       Drinking water declaration of emergency--4.0 FTE

18       positions ..... \$ 33,350,000

19       GROSS APPROPRIATION..... \$       33,350,000

20       Appropriated from:

21       State general fund/general purpose..... \$       33,350,000

22       **Sec. 105. DEPARTMENT OF HEALTH AND HUMAN SERVICES**23       **(1) APPROPRIATION SUMMARY**

24       GROSS APPROPRIATION..... \$       &lt;&lt;8,611,000&gt;&gt;

25       Interdepartmental grant revenues:

26       Total interdepartmental grants and intradepartmental

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1	transfers .....	0
2	ADJUSTED GROSS APPROPRIATION.....	\$ <<8,611,000>>
3	Federal revenues:	
4	Total federal revenues.....	6,100,000
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.....	\$ <<2,511,000>>
10	<b>(2) LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
11	Drinking water declaration of emergency.....	\$ <u>8,290,000</u>
12	GROSS APPROPRIATION.....	\$ 8,290,000
13	Appropriated from:	
14	Federal revenues:	
15	Social security act, temporary assistance for needy	
16	families .....	6,100,000
17	State general fund/general purpose.....	\$ 2,190,000
	<<(3) CHILDREN'S SERVICES AGENCY - CHILD WELFARE	
	Foster care payments.....	321,000
	GROSS APPROPRIATION.....	\$ 321,000
	Appropriated from:	
	State general fund/general purpose.....	\$ 321,000>>
18	<b>Sec. 106. DEPARTMENT OF NATURAL RESOURCES</b>	
19	<b>(1) APPROPRIATION SUMMARY</b>	
20	GROSS APPROPRIATION.....	\$ 250,000
21	Interdepartmental grant revenues:	
22	Total interdepartmental grants and intradepartmental	
23	transfers .....	0
24	ADJUSTED GROSS APPROPRIATION.....	\$ 250,000
25	Federal revenues:	
26	Total federal revenues.....	0

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

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1	declaration of emergency .....	\$	<u>9,200,000</u>
2	GROSS APPROPRIATION.....	\$	9,200,000
3	Appropriated from:		
4	State general fund/general purpose .....	\$	9,200,000
5	<b>Sec. 108. DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND</b>		
6	<b>BUDGET</b>		
7	<b>(1) APPROPRIATION SUMMARY</b>		
8	GROSS APPROPRIATION.....	\$	<<49,679,000>>
9	Interdepartmental grant revenues:		
10	Total interdepartmental grants and intradepartmental		
11	transfers .....		0
12	ADJUSTED GROSS APPROPRIATION.....	\$	<<49,679,000>>
13	Federal revenues:		
14	Total federal revenues.....		0
15	Special revenue funds:		
16	Total local revenues.....		0
17	Total private revenues.....		0
18	Total other state restricted revenues.....		0
19	State general fund/general purpose .....	\$	<<49,679,000>>
20	<b>(2) ONE-TIME BASIS ONLY APPROPRIATIONS</b>		
21	Drinking water declaration of emergency reserve fund .	\$	<< <u>48,562,300</u> >>
	<<Drinking water declaration of emergency county		
	reimbursement .....		1,116,700>>
22	GROSS APPROPRIATION.....	\$	<<49,679,000>>
23	Appropriated from:		
24	State general fund/general purpose .....	\$	<<49,679,000>>

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PART 2

PROVISIONS CONCERNING APPROPRIATIONS

**GENERAL SECTIONS**

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in this appropriation act for the fiscal year ending September 30, 2016 is \$102,290,000.00 and state appropriations paid to local units of government are <<\$10,316,700.00>>.

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

**DEPARTMENT OF ATTORNEY GENERAL**

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

**DEPARTMENT OF EDUCATION**

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

(a) Pilot the expansion of child development and care



1 eligibility to children ages birth to 3 for half-day child care  
2 services by removing household income as a determinant of  
3 eligibility.

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

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

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

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

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

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

1       Sec. 402. (1) From the funds appropriated in part 1 for the  
2 drinking water declaration of emergency, there is allocated  
3 \$8,000,000.00 in federal child care development funds for emergency  
4 needs.

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

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

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

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

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

19       DEPARTMENT OF ENVIRONMENTAL QUALITY

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

1       Sec. 502. From the funds appropriated in part 1 for the  
2 drinking water declaration of emergency, the department of  
3 environmental quality is authorized to pay up to \$25,000,000.00 for  
4 the replacement of lead service lines for high-risk, high-hazard  
5 homes.

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

12       (a) Water system needs.

13       (b) Water response team.

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

24       DEPARTMENT OF HEALTH AND HUMAN SERVICES

25       Sec. 601. From the funds appropriated in part 1 for the  
26 drinking water declaration of emergency, the department of health

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1 and human services shall allocate funds to address needs related to  
 2 the declaration of emergency for drinking water contamination.  
 3 These funds may support, but are not limited to, the following  
 4 activities:

5 (a) Food bank resources.

6 (b) Evidence-based home visiting programs.

7 (c) Intensive services and outreach for children.

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

12 (2) The unexpended funds appropriated for drinking water  
 13 declaration of emergency are redesignated as a work project  
 14 appropriation, and any unencumbered or unallotted funds shall not  
 15 lapse at the end of the fiscal year and shall be available for

16 expenditures for projects under this section until the projects  
 17 have been completed. The following is in compliance with section  
 18 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

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

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

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

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

<<Sec. 603. For all licensed private child welfare agencies  
 under contract with the department that provide foster care,  
 independent living and residential treatment services in the water  
 catchment area of a city in which a drinking water declaration of  
 emergency was issued, the department shall compensate the agencies  
 for the increased level of required care and supervision mandated  
 by the department for the children and youth in the care of the  
 licensed private child welfare agencies by providing an additional  
 administrative rate of \$10.00 per day per child served by the  
 agencies in the water catchment area of a city in which a drinking  
 water declaration of emergency was issued. This payment shall be  
 paid to the licensed private agencies, retroactive to January 11,  
 2016 and shall continue at least through September 30, 2016.>>

26 **DEPARTMENT OF NATURAL RESOURCES**

1       Sec. 701. From the funds appropriated in part 1 for the  
2 drinking water declaration of emergency, the department of natural  
3 resources shall allocate funds to address needs related to the  
4 declaration of emergency for drinking water contamination. These  
5 funds shall support a limited summer youth employment program.

6       **SCHOOL AID**

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

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

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

1           (2) From the funds appropriated in part 1 for the drinking  
2 water declaration of emergency reserve fund, \$50,000,000.00 shall  
3 be deposited into the drinking water declaration of emergency  
4 reserve fund. In addition to the drinking water declaration of  
5 emergency reserve fund, federal funds appropriated in the  
6 departments of education and health and human services will also be  
7 held in reserve via a work project for future emergency needs.

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

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

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

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

1           (2) The integrity oversight monitor shall be selected by the  
2 department of technology, management, and budget from a list of 1  
3 or more integrity oversight monitors created and maintained by the  
4 department of technology, management, and budget.

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

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

15           (5) The integrity oversight monitor shall communicate with and  
16 coordinate its activities with the auditor general and office of  
17 internal audit services to ensure against any duplication of  
18 efforts.

19           (6) Not later than September 30, the integrity oversight  
20 monitor shall provide a detailed report to the governor, the  
21 department of technology, management, and budget, the secretary of  
22 the senate, the clerk of the house of representatives, and the  
23 chairpersons of the senate and house of representatives committees  
24 on appropriations. The report shall contain all of the following:

25           (a) Detail of the integrity oversight monitor's services for  
26 the current fiscal year.

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

1 (c) Recommendations for corrective actions by any governmental  
2 entities.

3 (7) Not later than March 30 of each year that the contract is  
4 in effect, and not later than September 30 of each year that the  
5 contract is in effect, the integrity oversight monitor shall  
6 provide a detailed report to the governor, the department of  
7 technology, management, and budget, the secretary of the senate,  
8 the clerk of the house of representatives, and the chairpersons of  
9 the senate and house of representatives committees on  
10 appropriations. The report shall contain all of the following:

11 (a) Detail of the integrity oversight monitor's services  
12 during the 6-month period.

13 (b) Detail of the integrity oversight monitor's services over  
14 the duration of the contract.

15 (c) Details of findings of malfeasance or inefficiency.

16 (d) Recommendations for corrective actions by any governmental  
17 entities.

18 (8) As used in this section, "integrity oversight monitor"  
19 means a private entity that contracts to provide specialized  
20 services to ensure legal compliance, detect misconduct, and promote  
21 best practices in the administration of recovery and rebuilding  
22 projects, which services may include, but shall not be limited to,  
23 legal, investigative, accounting, forensic accounting, engineering,  
24 other professional specialties, risk assessment, developing  
25 compliance system constructs, loss prevention, monitoring, contract  
26 managers, and independent private inspectors general.

<<Sec. 903. From the funds appropriated in part 1 for drinking  
water declaration of emergency county reimbursement, an amount not to  
exceed \$1,116,700.00 shall be provided to a county in which a  
declaration of emergency for drinking water contamination was  
issued to pay for costs and expenses associated with the declaration  
of emergency for drinking water. Eligible costs and expenses may



include, but are not limited to, the following:

(a) To build a database and grid for the emergency operations center to assist in the development of an emergency action plan.

(b) To establish a multi-media network for the emergency operations center and to provide ongoing information technology support.

(c) To set up a system with local fire stations for the delivery of clean water and water filters and to ensure clear access from snow to the emergency operations center's warehouse for the delivery of clean water and water filters.

(d) To create a mapping data system for the emergency operations center to assist with the development of an emergency action plan.

(e) To provide personnel for the emergency operations center for the distribution of clean water and clean water filters in a city in which a declaration of emergency for drinking water contamination was made.

(f) To meet with city and state officials to assist in the preparation of the emergency action plan.

(g) To provide extensive testing and screening prior to and since the declaration of emergency for drinking water contamination in a city in which such a declaration was made.>>