



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 565 (Substitute H-1 as passed the House)
Sponsor: Senator Jon Bumstead
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 3-24-22

CONTENT

The supplemental would make appropriations of \$4.7 billion gross, \$571.6 million General Fund/General Purpose (GF/GP) for fiscal year (FY) 2021-22 reflecting several Federal grants and programs provided to the State in response to the COVID-19 pandemic and through the recently enacted Federal infrastructure law. A total of \$2.0 billion would be sourced from the Coronavirus State Fiscal Recovery Fund (SFRF) established under the Federal American Rescue Plan Act (ARP), \$945.4 million from the Infrastructure Investment and Jobs Act (IIJA), and \$1.1 billion from other Federal fund sources.

The Department of Environment, Great Lakes, and Energy (EGLE) would be the primary recipient of these funds, receiving a total of \$1.9 billion in funding as detailed in [Figure 1](#). Items in the supplemental for EGLE include \$1.1 billion for drinking water infrastructure, including funds for the existing Drinking Water State Revolving Fund, lead service line replacements, addressing other emerging contaminants, and assistance for small and disadvantaged communities; \$677.4 million for clean water infrastructure and public health risk reduction grants; and \$209.6 million in other water infrastructure, including \$43.2 million GF/GP for dam risk reduction, with an additional \$206.8 million GF/GP in Treasury for grants for dam projects.

The Department of Labor and Economic Opportunity (LEO) would receive \$1.0 billion gross, \$76.1 million GF/GP. Department of Labor and Economic Opportunity items include \$382.9 million Federal ARP funds for COVID-19 rental assistance, \$250.6 million Federal ARP Capital Projects Fund for statewide broadband service grants, \$121.4 million Federal ARP funds for homeowner assistance, and several other items

The Department of Natural Resources (DNR) would receive a total of \$450.0 million of Federal SFRF dollars: \$200.0 million for local parks and trail infrastructure, and \$250.0 million for State parks and trail infrastructure.

In addition to the dam project grants mentioned above, the Department of Treasury would receive \$322.1 million from the Federal Coronavirus Local Fiscal Recovery Fund to distribute to local units of government, and \$46.0 million GF/GP to reimburse local units of government for lost revenue sharing payments attributable to population changes under the 2020 Census.

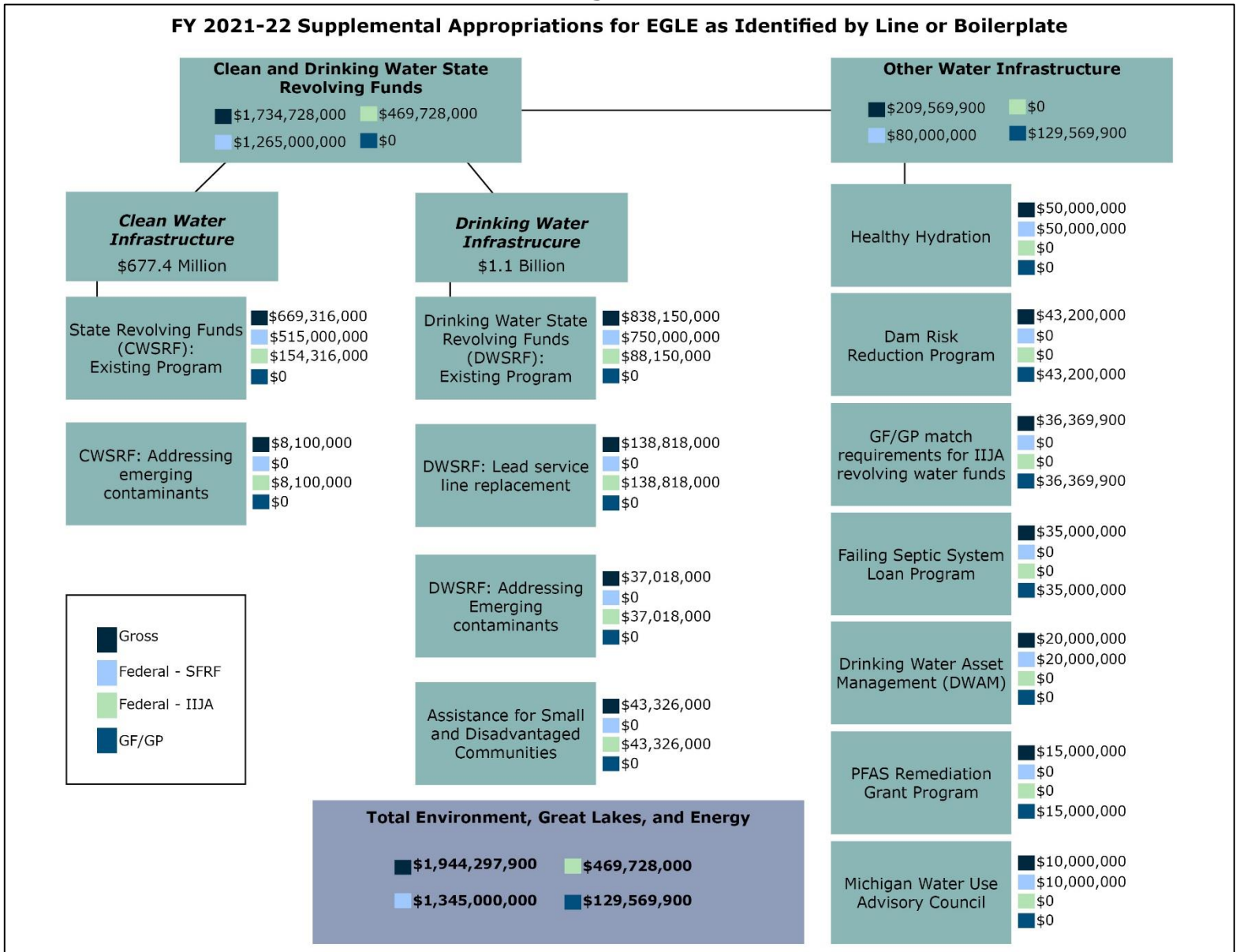
Finally, the bill appropriates funds for a number of items in other State departments and budget areas. [Table 2](#) provides a complete list of each item in the bill.

[Table 1](#) summarizes appropriations by budget area and fund source in the supplemental.

Table 1

| FY 2021-22 Supplemental Appropriations | | | | |
|---|------------------------|------------------------|--------------------|----------------------|
| Budget Area | Gross | Federal | Other | GF/GP |
| Environment, Great Lakes, and Energy | \$1,944,297,900 | \$1,814,728,000 | \$0 | \$129,569,900 |
| Labor and Economic Opportunity | 1,040,999,000 | 964,879,000 | 0 | 76,120,000 |
| Licensing and Regulatory Affairs | 25,000,000 | 0 | 0 | 25,000,000 |
| Natural Resources | 450,000,000 | 450,000,000 | 0 | 0 |
| Technology, Management, and Budget | 30,000,000 | 30,000,000 | 0 | 0 |
| Transportation | 644,746,200 | 551,654,700 | 4,991,500 | 88,100,000 |
| Treasury | 574,946,000 | 322,146,000 | 0 | 252,800,000 |
| TOTAL | \$4,709,989,100 | \$4,133,407,700 | \$4,991,500 | \$571,589,900 |

Figure 1



FISCAL IMPACT

The bill provides FY 2021-22 line-item appropriations of \$4.7 billion Gross and \$571.6 million GF/GP. As noted in "**CONTENT**", the appropriations are primarily Federal funds provided through various sources. Of this, \$2.0 billion is from the SFRF, \$945.4 million is from the IIJA, \$826.5 million are from various programs contained in the ARP, \$250.6 million is from the Capital Projects Fund of the ARP, and \$69.9 million are from other Federal sources.

See [Table 2](#) for a list of line items funded in the supplemental.

FY 2021-22 BOILERPLATE LANGUAGE SECTIONS-PART 2

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

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

Sec. 203. General. Directs that, if the State Administrative Board transfers funds appropriated in the Act, the Legislature may, by concurrent resolution requiring a majority vote in each chamber, transfer funds within a particular department, board, commission, officer, or institution.

Sec. 204. General. Directs that appropriated funds are subject to Federal audit and reporting requirements. Requires prompt action if instances of noncompliance are identified and directs the State Budget Director to rectify any noncompliance issues and to inform the Appropriations Committees and fiscal agencies in the case of noncompliance.

Sec. 205. General. Directs that funds appropriated from the Federal government be spent according to Federal rules and regulations.

Sec. 206. General. Requires a monthly report by the State Budget Director on the status of funds appropriated in part 1, including funds used for COVID-19-related issues, to the Legislature.

Sec. 301. Department of Environment, Great Lakes, and Energy. Allocates appropriations for water State revolving funds, from IIJA funding, toward clean water infrastructure as follows: \$154.3 million to support the revolving funds existing clean water program, and \$8.1 million for addressing emerging contaminants.

Sec. 302. Department of Environment, Great Lakes, and Energy. Allocates appropriations for water State revolving funds, from IIJA funding, toward drinking water infrastructure as follows: \$138.8 million for lead service line replacement, \$88.2 million to support the revolving funds existing drinking water program, \$43.3 million to provide assistance to small and disadvantaged communities, \$37.0 million for addressing emerging contaminants (with a focus on PFAS to the greatest extent possible).

Sec. 303. Department of Environment, Great Lakes, and Energy. Establishes the funds appropriated in part 1 for water State revolving funds, in the amount of \$469.7 million in IIJA funding (as outlined in Sec. 301 and Sec. 302) and the \$36.4 million in GF/GP for two years of Federal match requirements, as a work project.

Sec. 304. Department of Environment, Great Lakes, and Energy. Requires that appropriations for ARP - healthy hydration be used by EGLE to work with the Michigan Department of Education (MDE) to implement a reimbursement program in which school districts, nonpublic schools, and child care centers are able to request reimbursement for eligible costs associated with water filtration systems. Both public and nonpublic schools must meet a 50% match requirement. Establishes appropriation as a work project.

Sec. 305. Department of Environment, Great Lakes, and Energy. Allocates appropriations in part 1 for drinking water asset management (DWAM) for grants to support the creation of asset management plans and/or distribution system material inventories for drinking water systems. Establishes a \$1.0 million cap for grants and requires that 25% of grants be to communities with a population of less than 10,000 (excluding prisoner populations). Establishes appropriation as a work project.

Sec. 306. Department of Environment, Great Lakes, and Energy. Requires that appropriations in part 1 for ARP - Michigan Water Use Advisory Council (MWUAC) work be used in collaboration with the MWUAC to provide funding to address council recommendations included in their 2020 report. Establishes appropriation as a work project.

Sec. 307. Department of Environment, Great Lakes, and Energy. Allocates appropriations for ARP – water state revolving funds, \$515.0 million in SFRF, toward clean water infrastructure as follows: \$398.0 million to support the revolving funds existing clean water program, \$72.0 million for wastewater infrastructure in Macomb County, \$25.0 million to Great Lakes Water Authority, and \$20.0 million for a public health risk reduction grants. Establishes the following requirements: at least 25% of the funding is awarded to communities with a population of less than 10,000 (excluding prisoner populations), projects still must meet permitting and eligibility requirements, caps projects at \$20.0 million and \$2.0 million respectively. Establishes appropriation as a work project.

Sec. 308. Department of Environment, Great Lakes, and Energy. Allocates appropriations for water State revolving funds, \$750.0 in SFRF, toward drinking water infrastructure as follows: \$597.5 million to support the revolving funds existing drinking water program, \$75.0 million for Detroit and \$45.0 million for Benton Harbor to perform lead service line replacements and related infrastructure, \$18.0 million to address PFAS, \$8.6 million to extend water main infrastructure in Iosco County, \$5.9 million for Flint for a water tower and back-up system. Establishes the following requirements: at least 25% of the funding is awarded to communities with a population of less than 10,000 (excluding prisoner populations), caps projects at \$20.0 million, at least 25% of the funding is for projects that include lead service line replacements. Establishes appropriation as a work project.

Sec. 309. Department of Environment, Great Lakes, and Energy. Allocates appropriations in part 1 for dam risk reduction program \$15.0 million to cover expenses related to projects associated with the dam failure in May 2020, of which \$3.0 million will be for grants to Midland County for creating a water management plan related to flooding and available for use with a program offered by the US Department of Agriculture. \$6.8 million for lake dredging and dam emergency spillway project in Clare County. Establishes the following requirements: funding is to be distributed as reimbursements, and projects still must meet permitting and eligibility requirements. Establishes appropriation as a work project.

Sec. 310. Department of Environment, Great Lakes, and Energy. Directs EGLE to use the appropriations in part 1 for failing septic system loan program to establish a low- or no-interest loan program for municipalities, residents, and other entities as determined by the Department. The funding will be used to protect public health and the environment by addressing failing septic systems. Establishes appropriation as a work project.

Sec. 311. Department of Environment, Great Lakes, and Energy. Directs EGLE to use the appropriations in part 1 for PFAS remediation grant program for PFAS remediation activities at a former industrial site contiguous with Muskegon Lake. Remediation activities to address groundwater, drinking water, surface water, and fishery resources.

Sec. 351. Department of Labor and Economic Opportunity. Requires that appropriations for ARP – Homeowner Assistance Fund are spent in accordance with the American Rescue Plan and rules and guidance from the US Department of Treasury. Specifies that LEO coordinate with the Michigan State Housing Development Authority (MSHDA) to act as an eligible entity under the program. Requires the program to help homeowners avoid foreclosure according to Federal guidelines. Establishes appropriation as a work project.

Sec. 352. Department of Labor and Economic Opportunity. Requires that appropriations for ARP – Housing and Community Development Fund be deposited into the Michigan Housing and Community Development Fund and that those funds be allocated to MSHDA to expand access to affordable and attainable housing for individuals disproportionately affected by the COVID-19 pandemic. Requires MSHDA to establish program and eligibility guidelines in compliance with Federal rules and regulations regarding use of State Fiscal Recovery Fund dollars. Establishes appropriation as a work project.

Sec. 353. Department of Labor and Economic Opportunity. Requires that \$50.0 million from the ARP – Missing Middle Gap Program be used by the State Land Bank Authority to establish a Missing Middle Housing Gap Program. Specifies that the program must increase the supply of housing stock by providing cost defrayment to nonprofit developers who develop properties targeted to households with incomes between 185% and 300% of the area median income. Requires at least 30% of the dollar amount of the awards to be allocated to projects in rural communities. Establishes maximum grant amounts: \$40,000 for single-family unit up to two bedrooms; \$50,000 for single-family unit with more than two bedrooms; \$35,000 per unit for multi-family projects with up to one bedroom; and \$40,000 per unit for multi-family projects with two or more bedrooms. Establishes supplemental award amounts. Establishes additional program guidelines. Establishes appropriation as a work project.

Sec. 354. Department of Labor and Economic Opportunity. Allocates appropriations for ARP – Residential Clean Energy Improvements as follows: \$10.0 million for structural or mechanical repairs to residences, \$20.0 million for stabilization and enhancement of neighborhoods, \$15.0 million for home repairs in the City of Detroit, and \$5.0 million for energy assistance in the City of Detroit. Requires MSHDA to develop program guidelines that comply with Federal rules and regulations. Establishes appropriation as a work project.

Sec. 355. Department of Labor and Economic Opportunity. Establishes appropriation for Community Development Block Grant – Disaster Recovery as a work project.

Sec. 356. Department of Labor and Economic Opportunity. Requires that appropriations for COVID-19 Emergency Rental Assistance comply with Federal rules and regulations. Requires LEO to collaborate with the DHHS and other entities to operate an emergency rental and utility assistance program for households that provide documentation of back rent, a government-issued ID, and documentation of earned and unearned income. Requires assistance to be paid directly to landlords, unless a landlord does not wish to participate in the program. Does not allow funds to be used for rent owed beyond September 20, 2022. Requires program report.

Sec. 357. Department of Labor and Economic Opportunity. Requires the appropriation for Demolition of Former Deerfield Correctional Facility to be allocated to MSHDA for demolition and environmental remediation of that site.

Sec. 358. Department of Labor and Economic Opportunity. Requires the appropriation for Michigan One-Time Grant be awarded to a potash extraction company operating in Evert Township in Osceola County.

Sec. 359. Department of Labor and Economic Opportunity. Requires the appropriation for ARP – Michigan Statewide Broadband Service Grant Program to be used to operate a broadband program consistent with the Coronavirus Capital Projects Fund under the ARP. Restricts grants to units of government or educational institutions for operation or construction of a broadband network. Requires LEO to develop grant criteria and prioritize projects that provide at least 100 megabits per second downstream and 20 megabits per second upstream provided those projects are scalable to 100 megabits per second upstream, as well as other criteria. Requires grant applications within 60 days after LEO publishes grant criteria, and allows for subsequent rounds of grant funding, if necessary. Establishes grant application criteria. Establishes 45-day comment period for potential grant awards, during which LEO must consider and investigate all reasonable comments or objections to a project. Requires grant award information to be published on the LEO website. Requires grantees to report on use of grant funds through one year following completion of the project. Allows up to 35% of funds to be used for middle mile infrastructure. Allows up to 5% of funds to be used to operate the Michigan High-Speed Internet Office, and to hire up to 8.0 FTEs, and requires a report on consolidation of broadband functions into the Office. Establishes appropriation as a work project.

Sec. 360. Department of Labor and Economic Opportunity. Requires the appropriation for Mobility Futures Initiative to be allocated by the Michigan Office of Future Mobility and Electrification as follows: \$15.0 million for growing and training the mobility workforce and industry, \$7.0 million for a grant program to address mobility and safety challenges and a mobility wallet pilot project, and \$3.0 million for a mobility innovation hub network. Establishes appropriation as a work project.

Sec. 361. Department of Labor and Economic Opportunity. Allows MSHDA to hire up to 10.0 limited-term staff to administer programs funded under the bill.

Sec. 401. Department of Licensing and Regulatory Affairs. Requires the appropriation for Low Carbon Energy Infrastructure Enhancement and Development Fund be used for grants to businesses, local units of government and nonprofits for activities related to the construction of low-carbon energy facilities. Requires Treasury and the Public Service Commission to develop an application process and approve grants based on certain requirements with which applicants must comply. Establishes a 45-day comment public period following receipt of an application and a 15-day period for the applicant to maintain or modify the application following the comment period. Requires report from grant recipients detailing the expenditure of grant proceeds.

Sec. 451. Department of Natural Resources. Requires part of the appropriations in part 1 for ARP – local parks and trail infrastructure grants, \$135.0 million SFRF, be used to promote and enhance public recreation, equity, tourism, and economic development and recovery. Allocates funding as follows: \$60.0 million for a recreational greenway in Detroit, \$55.0 million for a recreational greenway in Grand Rapids, and \$20 million as a grant to modernize ski-jumping facilities in Northern Michigan.

Sec. 452. Department of Natural Resources. Requires part of the appropriations in part 1 for ARP – local parks and trail infrastructure grants, \$65.0 million SFRF, be used to establish a competitive grant program to help modernize local parks and develop new local public recreation opportunities.

Sec. 453. Department of Natural Resources. Requires the appropriations part 1 for ARP - State parks and trail infrastructure, \$200.0 million in SFRF, be used to develop, improve, repair, and maintain State parks, State recreation areas, and State-designated trails. This section allocates \$30.2 million for developing a new State park at Flint in Genesee County.

Sec. 501. Department of Technology, Management, and Budget. Requires appropriations for ARP – Michigan Infrastructure Office to be used to coordinate infrastructure investments across State and local units of government in accordance with the IJJA. Allows the Office to use funds to hire 5.0 limited-term employees. Establishes appropriation as a work project.

Sec. 502. Department of Technology, Management, and Budget. Allows appropriations for ARP – Coronavirus Response Activities to support the COVID-19 Office of Accountability. Establishes appropriation as a work project.

Sec. 551. Department of Transportation. Requires appropriations for ARP – Pump Station Back-Up Generators to support a statewide program to create redundant electrical service for stormwater pumping stations serving State highways in accordance with Federal laws and regulations.

Sec. 552. Department of Transportation. Allocates appropriations for Michigan Infrastructure Grants: \$3.0 million for traffic congestion on Secor Rd. in Monroe County, \$25.0 million for the Wayne County Airport Authority, \$8.0 million for freeway sound mitigation in Genesee County, \$4.0 million for freeway sound mitigation in Oakland County, \$2.15 million for a road project in Wayne County, \$2.0 million for the Capital Region Airport Authority, \$1.0 million for a freeway sound mitigation study in Wayne County, \$1.0 million for a road project in Genesee County, \$500,000 for the Michigan International Technology Center, \$350,000 for a sidewalk project in Oakland County, \$1.1 million to replace the Main St. bridge in Mattawan, and \$40.0 million for a road expansion project on M-37 in Kent County.

Sec. 601. Department of Treasury. Allocates appropriations for 2020 Census City, Village, and Township Hold Harmless to cities, villages, and townships whose 2020 revenue sharing populations were lower than their 2010 revenue sharing populations. Prorates payments, if necessary, based on the amount of the appropriation.

Sec. 602. Department of Treasury. Allocates appropriations in part 1 for Grants for dam projects, \$206.8 million in GF/GP, as follows: \$200.0 million to the Four Lakes Task Force to support the Four Lakes restoration plan for Midland and Gladwin County, and \$6.8 million for lake dredging and dam emergency spillway project in Clare County. Establishes the following requirements: funding is to be distributed as reimbursements, projects still must meet permitting and eligibility requirements, and project specific language governing a 20% local match requirement. Establishes appropriation as a work project.

Table 2

FY 2021-22 Supplemental Appropriations as Identified in Part 1

| Department/Program | Gross | Federal | Other | GF/GP |
|---|------------------------|------------------------|--------------------|----------------------|
| Environment, Great Lakes, and Energy | | | | |
| ARP - water state revolving funds | \$1,265,000,000 | \$1,265,000,000 | \$0 | \$0 |
| Water state revolving funds | 506,097,900 | 469,728,000 | 0 | 36,369,900 |
| Dam risk reduction program | 43,200,000 | 0 | 0 | 43,200,000 |
| ARP - healthy hydration | 50,000,000 | 50,000,000 | 0 | 0 |
| Failing septic system loan program | 35,000,000 | 0 | 0 | 35,000,000 |
| Drinking water asset management | 20,000,000 | 20,000,000 | 0 | 0 |
| PFAS remediation grant program | 15,000,000 | 0 | 0 | 15,000,000 |
| Michigan water use advisory council | 10,000,000 | 10,000,000 | 0 | 0 |
| Total Environment, Great Lakes, and Energy | \$1,944,297,900 | \$1,814,728,000 | \$0 | \$129,569,900 |
| Labor and Economic Opportunity | | | | |
| COVID-19 rental assistance | \$382,944,500 | \$382,944,500 | \$0 | \$0 |
| ARP – Michigan statewide broadband service grants | 250,630,400 | 250,630,400 | 0 | 0 |
| ARP – homeowner assistance fund | 121,406,100 | 121,406,000 | 0 | 0 |
| Community development block grant – disaster rec. | 59,898,000 | 59,898,000 | 0 | 0 |
| ARP – housing and community development fund | 50,000,000 | 50,000,000 | 0 | 0 |
| ARP – missing middle gap program | 50,000,000 | 50,000,000 | 0 | 0 |
| ARP – residential clean energy improvements | 50,000,000 | 50,000,000 | 0 | 0 |
| Michigan one-time grant | 50,000,000 | 0 | 0 | 50,000,000 |
| Mobility futures initiative | 25,000,000 | 0 | 0 | 25,000,000 |
| Demolition of former Deerfield Correctional Fac. | 1,120,000 | 0 | 0 | 1,120,000 |
| Total Labor and Economic Opportunity | \$1,040,999,000 | \$964,879,000 | \$0 | \$76,120,000 |
| Licensing and Regulatory Affairs | | | | |
| Low carbon energy infrastructure enhancement | \$25,000,000 | \$0 | \$0 | \$25,000,000 |
| Total Licensing and Regulatory Affairs..... | \$25,000,000 | \$0 | \$0 | \$25,000,000 |
| Natural Resources | | | | |
| ARP - state parks and trail infrastructure | \$250,000,000 | \$250,000,000 | \$0 | \$0 |
| ARP - local parks and trail infrastructure grants | 200,000,000 | 200,000,000 | 0 | 0 |
| Total Natural Resources..... | \$450,000,000 | \$450,000,000 | \$0 | \$0 |
| Technology, Management, and Budget | | | | |
| ARP – coronavirus response activities | \$25,000,000 | \$25,000,000 | \$0 | \$0 |
| ARP – Michigan infrastructure office | 5,000,000 | 5,000,000 | 0 | 0 |
| Total Technology, Management, and Budget..... | \$30,000,000 | \$30,000,000 | \$0 | \$0 |
| Transportation | | | | |
| Road and bridge programs | \$316,666,700 | \$316,666,700 | \$0 | \$0 |
| Airport infrastructure grants | 92,827,000 | 92,827,000 | 0 | 0 |
| Infrastructure projects | 88,100,000 | 0 | 0 | 88,100,000 |
| Public transportation programs | 66,161,000 | 66,161,000 | 0 | 0 |
| Pump station generators | 66,000,000 | 66,000,000 | 0 | 0 |
| Detroit new center intermodal facility | 10,000,000 | 10,000,000 | 0 | 0 |
| Airport safety, protection, and improvement | 4,991,500 | 0 | 4,991,500 | 0 |
| Total Transportation | \$644,746,200 | \$551,654,700 | \$4,991,500 | \$88,100,000 |
| Treasury | | | | |
| Nonentitlement coronavirus local fiscal recovery | \$322,146,000 | \$322,146,000 | \$0 | \$0 |
| Grants for dam projects | 206,800,000 | 0 | 0 | 206,800,000 |
| 2020 census city, village, and township hold harmless | 46,000,000 | 0 | 0 | 46,000,000 |
| Total Treasury..... | \$574,946,000 | \$322,146,000 | \$0 | \$252,800,000 |
| Total FY 2021-22 Supplemental Appropriations | \$4,709,989,100 | \$4,133,407,700 | \$4,991,500 | \$571,589,900 |

Fiscal Analyst: Ben Dawson
Josh Sefton

[floor\sb565a](#)

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.