

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5525**

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2022; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1
2
3
4
5
6
7

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, 2022, from the following funds:

APPROPRIATION SUMMARY

1	GROSS APPROPRIATION	\$	139,840,000
2	Interdepartmental grant revenues:		
3	Total interdepartmental grants and		
4	intradepartmental transfers		0
5	ADJUSTED GROSS APPROPRIATION	\$	139,840,000
6	Federal revenues:		
7	Total federal revenues		106,840,000
8	Special revenue funds:		
9	Total local revenues		0
10	Total private revenues		0
11	Total other state restricted revenues		8,930,000
12	State general fund/general purpose	\$	24,070,000
13	Sec. 102. DEPARTMENT OF ATTORNEY GENERAL		
14	(1) APPROPRIATION SUMMARY		
15	GROSS APPROPRIATION	\$	4,070,000
16	Interdepartmental grant revenues:		
17	Total interdepartmental grants and		
18	intradepartmental transfers		0
19	ADJUSTED GROSS APPROPRIATION	\$	4,070,000
20	Federal revenues:		
21	Total federal revenues		0
22	Special revenue funds:		
23	Total local revenues		0
24	Total private revenues		0
25	Total other state restricted revenues		0
26	State general fund/general purpose	\$	4,070,000
27	(2) ONE-TIME APPROPRIATIONS		
28	Operations	\$	4,070,000

1	GROSS APPROPRIATION	\$	4,070,000
2	Appropriated from:		
3	State general fund/general purpose	\$	4,070,000
4	Sec. 103. DEPARTMENT OF LABOR AND ECONOMIC		
5	OPPORTUNITY		
6	(1) APPROPRIATION SUMMARY		
7	GROSS APPROPRIATION	\$	135,770,000
8	Interdepartmental grant revenues:		
9	Total interdepartmental grants and		
10	intradepartmental transfers		0
11	ADJUSTED GROSS APPROPRIATION	\$	135,770,000
12	Federal revenues:		
13	Total federal revenues		106,840,000
14	Special revenue funds:		
15	Total local revenues		0
16	Total private revenues		0
17	Total other state restricted revenues		8,930,000
18	State general fund/general purpose	\$	20,000,000
19	(2) ONE-TIME APPROPRIATIONS		
20	ARP - unemployment insurance equity grants	\$	6,840,000
21	Unemployment compensation fund deposit		100,000,000
22	Unemployment insurance agency		28,930,000
23	GROSS APPROPRIATION	\$	135,770,000
24	Appropriated from:		
25	Federal revenues:		
26	Coronavirus relief fund		100,000,000
27	DOL-ETA, unemployment insurance		6,840,000
28	Special revenue funds:		

1	Contingent fund, penalty and interest	8,930,000
2	State general fund/general purpose	\$ 20,000,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

7 Sec. 201. Pursuant to section 30 of article IX of the state
8 constitution of 1963, total state spending from state sources under
9 part 1 for the fiscal year ending September 30, 2022 is
10 \$33,000,000.00 and total state spending from state sources to be
11 paid to local units of government is \$0.00.

12 Sec. 202. The appropriations made and expenditures authorized
13 under this part and part 1 and the departments, commissions,
14 boards, offices, and programs for which appropriations are made
15 under this part and part 1 are subject to the management and budget
16 act, 1984 PA 431, MCL 18.1101 to 18.1594.

17 Sec. 203. Funds appropriated in part 1 are subject to
18 applicable federal audit and reporting requirements. Prompt action
19 must be taken if instances of noncompliance are identified,
20 including noncompliance identified in an audit finding. If any
21 instance of noncompliance is identified, including noncompliance
22 identified in an audit finding, the state budget director shall
23 take necessary and immediate action to rectify it. The state budget
24 director shall notify the senate and house appropriations
25 committees and the senate and house fiscal agencies when an
26 instance of noncompliance is identified.

27 Sec. 204. Funds appropriated in part 1 from the federal
28 American rescue plan act of 2021, Public Law 117-2, must be
29 allocated and expended in a manner consistent with federal rules

1 and regulations.

2 Sec. 205. The state budget director shall report on the status
3 of funds appropriated in part 1, and all funds appropriated related
4 to the coronavirus relief effort, to the senate and house
5 appropriations committees and the senate and house fiscal agencies
6 on a monthly basis until all funds are exhausted.

7
8 **DEPARTMENT OF ATTORNEY GENERAL**

9 Sec. 301. (1) From the funds appropriated in part 1 for
10 operations, the department shall hire or contract for limited-term
11 staff in support of the unemployment insurance agency enforcement
12 efforts regarding illegitimate unemployment insurance claims
13 occurring through claimant fraud, employer fraud, and identity
14 theft.

15 (2) The unexpended funds appropriated in part 1 for operations
16 are designated as a work project appropriation, and any
17 unencumbered or unallotted funds shall not lapse at the end of the
18 fiscal year and shall be available for expenditures for projects
19 under this section until the projects have been completed. The
20 following is in compliance with section 451a of the management and
21 budget act, 1984 PA 431, MCL 18.1451a:

22 (a) The purpose of the project is to employ attorneys and
23 support staff to investigate and prosecute unemployment fraud in
24 Michigan.

25 (b) The project will be accomplished by utilizing state
26 employees or contracts with service providers, or both.

27 (c) The total estimated cost of the project is \$4,070,000.00.

28 (d) The tentative completion date is September 30, 2026.

29

1 **DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY**

2 Sec. 401. From the funds appropriated in part 1 for
3 unemployment compensation fund deposit, \$100,000,000.00 must be
4 deposited into the unemployment compensation fund established under
5 section 26 of the Michigan employment security act, 1936 (Ex Sess)
6 PA 1, MCL 421.26, for the purpose of offsetting expected exposure
7 to state fraud and improper payment during the COVID-19 crisis.

8 Sec. 402. (1) From the funds appropriated in part 1 for
9 unemployment insurance agency, \$20,000,000.00 may be used to
10 support customer service improvements, including call center
11 operations and improvements in handling claims, including contract
12 staff or other services.

13 (2) From the funds appropriated in part 1 for unemployment
14 insurance agency, \$8,930,000.00 must be used for enhanced fraud
15 enforcement efforts, including expanding capacity by 52.0 term-
16 limited employees to support these fraud enforcement efforts,
17 including, but not limited to, investigations, collections,
18 accounting, data analytics, and agency services.

19 (3) As a condition to receiving funds under subsections (1)
20 and (2), the department must do all of the following:

21 (a) Ensure all contract or limited-term staff are subject to a
22 criminal history background check and confidentiality agreements,
23 as appropriate.

24 (b) Ensure that limited-term staff complete data governance
25 training from the department of treasury and the United States
26 Social Security Administration.

27 (c) Obtain, or require a vendor to obtain, as applicable,
28 insurance coverage in accordance with department of technology,
29 management, and budget policy for vendors that process, store,

1 transfer, or touch sensitive data and information systems as it
2 relates to all contracts with staffing agencies.

3 (d) Enter into data sharing agreements with any staffing
4 agencies used to hire limited-term staff, as applicable.

5 (e) Ensure that access to this state's network and the
6 Michigan integrated data automated system is terminated within 24
7 hours of notification of the termination or cessation of employment
8 of any limited-term staff.

9 (4) As used in this section, "department" means the Michigan
10 unemployment insurance agency.

11 (5) The unexpended funds appropriated in part 1 for
12 unemployment insurance agency are designated as a work project
13 appropriation. Any unencumbered or unallotted funds shall not lapse
14 at the end of the fiscal year and shall be available for
15 expenditures for projects under this section until the projects
16 have been completed. The following is in compliance with section
17 451a(1) of the management and budget act, 1984 PA 431, MCL
18 18.1451a:

19 (a) The purpose of the project is to support call center
20 operations and improvements in handling claims, as well as fraud
21 enforcement in the unemployment insurance agency.

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

24 (c) The total estimated cost of the work project is
25 \$28,930,000.00.

26 (d) The tentative completion date is September 30, 2026.