

FY 2021-22 and FY 2022-23 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed the Senate
Senate Bill 7 (S-1)



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Overview

Senate Bill 7 (S-1) contains supplemental appropriation adjustments to multiple state department budgets for FY 2021-22 and FY 2022-23. In sum, FY 2021-22 appropriation adjustments total \$146.3 million Gross, of which \$128.4 million is federal revenue for the Department of Health and Human Services. Of the \$128.4 million, \$120.0 million is for the Food Assistance Program. FY 2021-22 appropriations include book closing adjustments requested by the State Budget Office initially in Legislative Transfer Requests 2022-7 and 2022-8, and subsequently in Supplemental Requests 2022-7, 2022-8, and 2022-9. FY 2022-23 appropriation adjustments total \$1.5 million Gross (\$1.5 million GF/GP).

Appropriation and boilerplate priorities initiated by the State Budget Office are identified following this overview.

FY 2022-23 APPROPRIATION SUMMARY

Budget Area		FY 2022-23 Year-to-Date Appropriations	FY 2022-23 Supplemental Change	% Change
Legislature	Gross	\$186,677,000	\$1,500,000	0.8
	GF/GP	\$181,283,000	\$1,500,000	0.8
TOTAL	Gross	\$186,677,000	\$1,500,000	0.8
	GF/GP	\$181,283,000	\$1,500,000	0.8

FY 2022-23 Supplemental Appropriation Items

**Appropriation
Change**

LEGISLATURE

1. Independent Citizens Redistricting Commission (ICRC)

Reappropriates \$1.5 million GF/GP of the \$2.2 million GF/GP that was appropriated in 2022 PA 166 for legal costs of the ICRC. The \$1.5 million was not spent by the end of FY 2021-22 and unexpended funding for the ICRC is required to lapse to the general fund. The ICRC has requested the reappropriation of this \$1.5 million GF/GP to cover additional legal costs.

Gross **\$1,500,000**
GF/GP **\$1,500,000**

FY 2022-23 Supplemental Boilerplate Items

GENERAL SECTIONS

Sec. 201. State Spending and State Appropriations Paid to Local Units of Government

States amount of state spending from state sources in the bill and amount of state spending to be paid to local units of government.

Sec. 202. Appropriations Subject to Management and Budget Act

Subjects appropriations to the Management and Budget Act, 1984 PA 431.

Sec. 203. State Administrative Board Transfers

Authorizes the legislature, by a concurrent resolution adopted by a majority of the members elected to and serving in each house, to inter-transfer funds if the State Administrative Board transfers funds.

FY 2021-22 APPROPRIATION SUMMARY

Budget Area		FY 2021-22 Year-to-Date Appropriations	FY 2021-22 Supplemental Change	% Change
Corrections	Gross	\$2,065,873,000	\$300,000	0.0
	GF/GP	\$1,065,369,400	\$0	0.0
Environment, Great Lakes, and Energy	Gross	\$2,653,368,600	\$50,000	0.0
	GF/GP	\$282,945,300	\$0	0.0
Health and Human Services	Gross	\$34,929,041,900	\$139,409,000	0.4
	GF/GP	\$4,754,274,400	\$0	0.0
Labor and Economic Opportunity	Gross	\$4,470,763,000	\$0	0.0
	GF/GP	\$1,630,615,600	\$0	0.0
Military and Veterans Affairs	Gross	\$232,004,000	\$150,000	0.1
	GF/GP	\$82,410,200	\$0	0.0
State Police	Gross	\$1,289,419,900	\$6,386,366	0.5
	GF/GP	\$632,689,300	\$0	0.0
Treasury – Revenue Sharing	Gross	\$1,458,735,300	\$0	0.0
	GF/GP	\$46,433,000	\$0	0.0
TOTAL	Gross	\$47,099,205,700	\$146,295,366	0.3
	GF/GP	\$8,494,737,200	\$0	0.0

<u>FY 2021-22 Supplemental Appropriation Items</u>	<u>Appropriation Change</u>
CORRECTIONS	
1. Prisoner Transportation	
Reflects the transfer of \$920,000 GF/GP from the Special Alternative Incarceration Program line item to the Transportation line item to cover higher than budgeted prisoner transportation costs. Transportation costs are higher than anticipated as a result of higher fuel costs and because of insufficient funding available to support staff retention premium payments. Premium payments were implemented during the fiscal year but were not specifically budgeted for. Funding is available from the Special Alternative Incarceration Program line item due to a reduced number of program participants. There have been fewer court sentences to the program.	Gross \$0 GF/GP \$0
2. Prisoner Clinical Costs	
Reflects the transfer of \$10.0 million GF/GP from the Prisoner Health Care Services line item to the Clinical Complexes line item to cover higher than anticipated onsite clinical costs. Clinical payroll costs for contract nursing and state clinical staff increased more than what was budgeted for. Costs also increased for medical, surgical, and laboratory supplies. Funding is available from the Clinical Complexes line item due to lower than budgeted offsite health care costs.	Gross \$0 GF/GP \$0
3. Staff Retention Premium Payments	
Reflects the transfer of a total of \$2.1 million GF/GP from a number of correctional facility line items to the Macomb, Thumb, and Woodland Correctional Facility line items to support staff retention premium payments. Premium payments were implemented during the fiscal year but were not specifically budgeted for. Funding is available from correctional facilities that had housing unit closures during the fiscal year.	Gross \$0 GF/GP \$0
4. Detroit Detention Center	
Includes authorization to receive an additional \$300,000 from the City of Detroit to support higher than anticipated costs for operation of the Detroit Detention Center. Costs are higher than projected due to employee retention payments, increased contracted nursing costs, and increased costs for janitorial services.	Gross \$300,000 Local 300,000 GF/GP \$0
5. Northern Training Facility	
Reflects the transfer of \$15.0 million GF/GP from various line items throughout the budget to a new one-time capital outlay line item, Corrections Northern Training Facility. Funding would be used to construct a northern training academy site for the department to train corrections officers for correctional facilities located in the northern region of the state. Funding is available from various line items that experienced operating surpluses.	Gross \$0 GF/GP \$0

FY 2021-22 Supplemental Appropriation Items

ENVIRONMENT, GREAT LAKES, AND ENERGY

6. Environmental Contamination Activities

Includes authorization for \$50,000 in state restricted revenue to be used to support remediation and redevelopment activities at sites of environmental contamination throughout the state. Revenue to support these projects is available from damages collected from liable parties through legal settlement agreements.

Gross	\$50,000
Restricted	50,000
GF/GP	\$0

HEALTH AND HUMAN SERVICES

7. Public Assistance Caseload Adjustments

Includes a net-zero transfer of \$4.4 million Gross (\$4.8 million GF/GP) from the Indigent Burial and Public Assistance Field Staff line items to support increased caseload costs for SSI and the Family Independence Program, as well as \$2.0 million GF/GP from Family Preservation Programs to offset a reduction in child support collections funding for the Family Independence Program.

Gross	\$0
TANF	0
GF/GP	\$0

8. Food Assistance Program Caseload Increase

Includes \$120.0 million federal Supplemental Nutrition Assistance Program revenue to support increased FAP caseload and costs.

Gross	\$120,000,000
Federal	120,000,000
GF/GP	\$0

9. Employment Verification Contract Costs

Transfers \$1.5 million GF/GP each from both the Public Assistance Field Staff and the Electronic Benefits Transfer (EBT) line items to the field services Contractual Services, Supplies and Materials line item to cover increased employment verification contract costs.

Gross	\$0
GF/GP	\$0

10. Family Support Subsidy Caseload Increase

Includes a net-zero transfer of \$440,000 TANF revenue from the Public Assistance Field Staff line item to support increased caseload costs.

Gross	\$0
TANF	0
GF/GP	\$0

11. Certified Community Behavioral Health Clinics (CCBHCs)

Increases the Certified Community Behavioral Health Clinics (CCBHC) line item by an additional \$34.0 million Gross (\$12.0 million GF/GP) based on updated FY 2021-22 preliminary cost estimates for the supplemental prospectively-based payments to CCBHCs. Final reconciliation information will happen annually. Authorization is transferred from the Medicaid Mental Health line item as DHHS estimates authorization to be available once accruals and cost settlements are finalized as part of the final book closing process.

Gross	\$0
Federal	0
GF/GP	\$0

12. Mental Health Block Grant

Increases federal authorization in the Federal Mental Health Block Grant line item by \$2.7 million to allow expenditure of available revenue on eligible costs in FY 2021-22. The state's allocation from the Federal Mental Health Block Grant increased faster than the line item's authorization. The FY 2021-22 federal grant totaled \$23.8 million. Federal authority from the Health Homes line item is available for transfer due to lower than anticipated expenditures in FY 2021-22.

Gross	\$0
Federal	0
GF/GP	\$0

13. Behavioral Health Services Cost Adjustments

Shifts \$7.1 million Gross (\$300,000 GF/GP) between Medicaid behavioral health line items to align to forecasted final expenditures in these line items. The transfer would address small differences in the distribution of Medicaid behavioral health costs from what was forecasted during the May 2022 Medicaid caseload consensus.

Gross	\$0
Federal	0
GF/GP	\$0

14. State Psychiatric Hospital Book-Closing Adjustments

Includes a net increase of \$9.5 million Gross (\$0 GF/GP) in federal and state restricted revenue authorizations to support final anticipated expenditures at the state psychiatric hospitals. Of note, these funds would provide authorization for approximately \$10.0 million in building renovations at the Hawthorn Center to increase capacity by 24 beds. The ongoing operational cost increase of the increased bed capacity at the Hawthorn Center is included in the FY 2022-23 enacted DHHS budget.

Gross	\$9,500,000
Federal	4,000,000
Restricted	5,500,000
GF/GP	\$0

15. Medical Services Administration

Transfers \$25,000 of state restricted authorization from the Special Medicaid Reimbursement line item to the Medicaid Services Administration line item. Each year, a portion of specialty network access fee (SNAF) and physician adjustor revenue is provided to the Medical Services Administration line item to cover the cost of processing those payments. A portion of FY 2020-21 SNAF revenue was not included in the FY 2020-21 accrual and is therefore available in FY 2021-22. That increase results in total available state restricted revenue being more than the amount authorized.

Gross	\$0
Restricted	0
GF/GP	\$0

<u>FY 2021-22 Supplemental Appropriation Items</u>		<u>Appropriation Change</u>
16. Medical Services Cost Adjustments	Gross	\$0
Shifts \$276.8 million Gross (\$111.3 million GF/GP) between various physical health Medicaid and Children's Special Healthcare Services (CSHCS) program line items to align with the forecasted final expenditure from these line items for FY 2021-22. Adjustments are necessary to account for all payments made to Medicaid and CSHCS providers for services rendered in FY 2021-22.	Federal	0
	Private	0
	Restricted	0
	GF/GP	\$0
17. Quality Assurance Assessment Program (QAAP) Tax Revenue	Gross	\$5,500,000
Includes \$5.5 million in state restricted authorization for the Health Plan Services, Healthy Michigan Plan, and Long-Term Care Services line items. This authorization would be needed for expenditure of collected or accrued quality assurance assessment program (QAAP) tax revenue that is higher than anticipated.	Restricted	5,500,000
	GF/GP	\$0
18. Family Violence and Prevention Services	Gross	\$4,409,000
Includes \$4.4 million in federal expenditure authorization to support a Rape Crisis and Services Support Grant. This grant is the third grant awarded to DHHS in FY 2021-22.	Federal	4,409,000
	GF/GP	\$0
LABOR AND ECONOMIC OPPORTUNITY		
19. Missing Middle Gap Program	Gross	\$0
Unappropriates and reappropriates funding for the Missing Middle Gap Program to allow for revisions to be made to current boilerplate. The definition of missing middle households would be revised in boilerplate to remove specific income limits as the defining factor of a missing middle household. This would allow for program expansion and for MSHDA to reach an additional 23,000 households.	Federal	0
	GF/GP	\$0
MILITARY AND VETERANS AFFAIRS		
20. Web-Based Grant Management System	Gross	\$0
Reflects the transfer of \$62,000 GF/GP from the Veterans Service Grants line item to the Michigan Veterans Affairs Agency Administration line item to support continued costs for developing a web-based grant management system that will modernize the administration of veterans service grants. Funding is available from the Veterans Service Grants line item due to some grantees not having earned the full amount of grant funding available.	GF/GP	\$0
21. Authorization for Additional Medicaid	Gross	\$0
Adjusts the veterans homes line items and associated fund sources, for a net \$0 appropriation, to align funding authorization with the amount of Medicaid revenue received. Medicaid revenue received is higher than what was originally projected based on re-pricing from DHHS. Increased Medicaid authorization totals \$1.8 million: \$100,000 for the D.J. Jacobetti Home for Veterans, \$1.2 million for the Grand Rapids Home for Veterans, and \$500,000 for the Chesterfield Township Home for Veterans	Federal	0
	GF/GP	\$0
22. COVID-19 Special Maintenance	Gross	\$150,000
Includes \$150,000 in additional federal funds to align authorization with projected revenue available through the federal CARES Act for construction projects at state veterans homes. Specifically, funding would be used to support the elevator replacement project at the D.J. Jacobetti Home for Veterans.	Federal	150,000
	GF/GP	\$0
STATE POLICE		
23. Coronavirus Relief Funds for Payroll	Gross	\$0
Includes \$6.4 million of federal authorization and reduces GF/GP authorization by a like amount to allow for expenditure of interest earned on federal Coronavirus Relief Funds on eligible public safety payroll costs.	Federal	6,386,366
	GF/GP	(\$6,386,366)
24. Federal Ineligible Expenses	Gross	\$6,386,366
Includes \$6.4 million GF/GP to support COVID-19 response activities that are determined to be ineligible for federal reimbursement.	GF/GP	\$6,386,366

FY 2021-22 Supplemental Appropriation Items

TREASURY – REVENUE SHARING

25. Financially Distressed Cities, Villages, or Townships (CVTs) Program

Reflects the transfer of \$102,875 in sales tax revenue from the CVT revenue sharing program to the financially distressed CVT grant program for a net \$0 appropriation. Boilerplate language in section 952(5) of 2021 PA 87 requires any remaining funding in the CVT revenue sharing program to be made available for the financially distressed CVT program, after legislative approval.

Gross	\$0
Restricted	0
GF/GP	\$0

FY 2021-22 Supplemental Boilerplate Items

GENERAL SECTIONS

Sec. 1201. State Spending and State Appropriations Paid to Local Units of Government

States amount of state spending from state sources in the bill and amount of state spending to be paid to local units of government.

Sec. 1202. Appropriations Subject to Management and Budget Act

Subjects appropriations to the Management and Budget Act, 1984 PA 431.

Sec. 1203. State Administrative Board Transfers

Authorizes the legislature, by a concurrent resolution adopted by a majority of the members elected to and serving in each house, to inter-transfer funds if the State Administrative Board transfers funds.

Sec. 1204. Allocation and Expenditure of Appropriations

Requires allocation and expenditure of appropriations in a manner consistent with federal rules and regulations.

Sec. 1205. Appropriations Subject to Federal Audit and Reporting Requirements

Subjects appropriations to applicable federal audit and reporting requirements; requires prompt action if instances of noncompliance are identified; requires the state budget director to notify appropriations committees and fiscal agencies of instances of noncompliance.

Sec. 1206. Report on Status of Federal COVID Relief Appropriations

Requires the state budget director to report on the status of all funds appropriated related to the coronavirus relief effort on a monthly basis until all funds are exhausted.

LABOR AND ECONOMIC OPPORTUNITY

Sec. 1301. Missing Middle Gap Program

Requires appropriation to be used by MSHDA to create a missing middle housing program to increase the housing supply by providing cost defrayment to developers investing in, constructing, or substantially rehabilitating properties that are targeted to missing middle households; requires housing program to be administered by MSHDA; lists requirements that MSHDA must follow; lists requirements regarding approval and award of grant funding; lists requirements for developers; lists requirements for expenditure of grant awards; designates unexpended funds as a work project appropriation.

STATE POLICE

Sec. 1501. Expenses Ineligible for Federal Reimbursement

Designates unexpended funds as a work project appropriation; purpose is to cover expenses that are determined to be ineligible for federal reimbursement.

REPEALER

Sec. 1601. Repeal Missing Middle Gap Program

Repeals Missing Middle Gap Program boilerplate in 2022 PA 53 and replaces it with section 1301 of this bill; new language includes a revised definition of missing middle households, removes specific income limits, and allows MSHDA to better serve the target population by expanding eligibility and reaching more recipients.