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House Bill 4016 (Substitute S-1 as passed by the Senate)
Sponsor: Representative Angela Witwer
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 3-1-23

CONTENT

The supplemental would make appropriations of \$1.3 billion Gross and \$828.6 million General Fund/General Purpose (GF/GP) for fiscal year (FY) 2022-23 and contains one FY 2021-22 item that nets to zero. Each item in the bill is described in Tables 2 and 3.

For FY 2021-22, the bill would unappropriate and then reappropriate \$30.0 million GF/GP in the Department of State Police for grants to local law enforcement departments for recruit training. The original appropriation was made under Public Act 166 of 2022; the bill would remove that appropriation and replace it with a new one of the same amount with modified boilerplate requirements. Details on those requirements can be found under the **FISCAL IMPACT** portion of this analysis.

For FY 2022-23, the bill contains appropriations across several State departments. Major items include a total of \$629.7 million for an economic development project in Marshall (\$330.0 million in the Department of Transportation and \$299.7 million in the Department of Labor and Economic Opportunity (LEO)), \$170.3 million for deposit in the Strategic Outreach and Attraction Reserve (SOAR) Fund, \$75.0 million for hospital staffing grants, \$67.0 million for nursing home workforce grants, a \$63.5 million increase for nursing home reimbursement rates, and \$60.0 million for grants to community centers. The bill also includes a total of \$231.8 million in various nondiscretionary Federal grants: \$212.0 million for the Department of Environment, Great Lakes, and Energy, \$19.0 million for LEO, and \$750,000 for the Department of Military and Veterans Affairs. Table 1 provides a summary of FY 2022-23 appropriations in the bill by State department.

Table 1

FY 2022-23 Supplemental Appropriations				
Budget Area	Gross	Federal	Other	GF/GP
EGLE	\$212,500,000	\$212,000,000	\$0	\$500,000
DHHS	241,299,300	191,813,200	9,963,800	39,522,300
LEO	568,629,100	85,006,800	0	483,622,300
DMVA	750,000	750,000	0	0
DNR	10,000,000	10,000,000	0	0
MDOT	330,000,000	0	0	330,000,000
Treasury	(25,000,000)	0	0	(25,000,000)
TOTAL	\$1,338,178,400	\$499,570,000	\$9,963,800	\$828,644,600

FISCAL IMPACT

The bill would appropriate a total of \$1.3 billion Gross, and \$828.6 million GF/GP. Further detail on these is available in the **CONTENT** portion of this analysis and in Tables 2 and 3, below.

FY 2022-23 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. Requires appropriations to be allocated in accordance with Federal regulations.

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. 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. 401. Environment, Great Lakes, and Energy. Work project language for Federal home energy rebate program.

Sec. 402. Environment, Great Lakes, and Energy. Directs the department to use funds for Mineral Wells for oversight of disposal wells, compliance and enforcement, and necessary remedial actions. Establishes a work project.

Sec. 501. Health and Human Services. Requires the Department to allocate \$25.0 million to qualified providers to assist eligible residents who have a financial burden and have accumulated a balance on their water utility bills, have had their water service shut off, or are at risk of having their water service shut off. Defines "qualified provider" and limits administrative expenses to 3.0% of total grant funding. Requires qualified providers to submit a report by September 30 on various metrics and then requires the Department to compile and forward the report to the Legislature. Designates unspent funds as a work project.

Sec. 502. Health and Human Services. Requires the Department to allocate \$67.0 million for the creation of nursing home workforce grants to nursing home operators and nonprofit health care training organizations that provide recruitment, retention, training, or career development initiatives. Criteria included for allocations must include jointly developed projects between facility leadership and staff as well as projects that would span multiple facilities, operators, and regions. Designates unspent funds as a work project.

Sec. 503. Health and Human Services. Requires the Department to allocate funds to nursing homes to increase the variable and plant costs by 2.0% for Medicaid reimbursement retroactive to January 1, 2023.

Sec. 504. Health and Human Services. Requires the Department to allocate \$10.0 million to support community providers of violence intervention services. No less than 50% of the funds must be awarded to communities disproportionately affected by the COVID-19 pandemic. Designates unspent funds as a work project.

Sec. 505. Health and Human Services. Requires the Department to allocate \$75.0 million to support health care employers that can demonstrate an eligible qualifying need for health care recruitment, retention, and training programming announced after December 1, 2021. The funds are allocated to the Michigan Health and Hospital Association for administration to acute care and behavioral health care providers.

Sec. 701. Labor and Economic Opportunity. Requires appropriation for the SOAR Fund to be deposited into the SOAR Fund.

Sec. 702. Labor and Economic Opportunity. Provides \$170.3 million in additional State restricted contingency fund authorization.

Sec. 703. Labor and Economic Opportunity. Work project language for Federal Community Development Block Grant - Disaster Recovery funds.

Sec. 704. Labor and Economic Opportunity. Work project language for State Digital Equity Planning Grant funds.

Sec. 705. Labor and Economic Opportunity. Establishes guidelines for ARP - Community and Neighborhood Initiatives. Allows grants of up to \$2.5M each for acquisition, planning, construction, programming, and development for community centers. Eligible applicants are local units of government, nonprofits, and faith-based institutions that demonstrate a partnership with the community in which they are located. Requires at least 50% of grants to go to areas below median income. Grants must serve areas disproportionately affected by the COVID-19 pandemic or be for a nonprofit or faith-based organization affected or disproportionately affected by the COVID-19 pandemic. Requires quarterly reports on grants issued. Allows up to 2.5% of funds to be used by LEO for administration. Establishes work project.

Sec. 706. Labor and Economic Opportunity. Requires funds for Mega-Strategic Site to be used under contract with the Marshall Area Economic Development Alliance for land acquisition and predevelopment of a site in Marshall, including additional parcels necessary for road improvements or other infrastructure, and site preparation at that site.

Sec. 707. Labor and Economic Opportunity. Requires grants under the ARP - Arts and Cultural Program to be awarded to nonprofit organizations affected by the COVID-19 pandemic and for expenditures to comply with regulations under ARP.

Sec. 708. Labor and Economic Opportunity. Directs funds for Career and Technical Education Complex to North Central Michigan College for building improvements consistent with the College's priority project as identified in its 5-year capital outlay plan.

Sec. 709. Labor and Economic Opportunity. Creates program guidelines for Housing Gap Financing and Affordable Housing program. Requires funds to be spent on grants or loans to for-profit and nonprofit developers for housing developments that qualify for tax credits under the Federal Low Income Housing Tax Credit (LIHTC) and allocates funds as follows: 40% for grants or forgivable loans for new multifamily affordable housing units; 20% for grants or forgivable loans for projects awarded 9.0% tax credits under the LIHTC, prioritized by the date of initial LIHTC approval, and prioritizing owners who received approval before December 31, 2021; 25% for grants, loans, or forgivable loans for construction of affordable housing for properties that have already received loans through the Michigan State Housing Development Authority (MSHDA), or meet other specific criteria; and 15% for grants or forgivable loans for properties that previously received a LIHTC, are subject to an existing use restriction under that LIHTC, and that receive and allocation of volume cap through MSHDA. Allows up to 5%

of appropriation to be used by MSHDA to administer the program. Requires American Rescue Plan (ARP) funds to be used with first priority. Establishes a work project.

Sec. 710. Labor and Economic Opportunity. Directs funds for Student Aviation Center to Northwestern Michigan College for hanger improvements and to purchase aircraft for instruction of student pilots. Requires a 50% match from the college.

Sec. 901. Natural Resources. Requires ARP - Lake Erie and Saginaw Bay Watershed Wetland Restoration, Enhancement, and Acquisition to comply with applicable Federal regulations. Requires funds to be used for targeted wetland restoration to reduce levels of phosphorous, nitrogen, and sediment. Allows funds to be granted to organizations specializing in wetland restoration and conservation.

Sec. 1001. Transportation. Requires Economic Development Project funds to be spent, upon entering a memorandum of understanding with the Marshall Area Economic Development Alliance and/or the Michigan Strategic Fund, for designated road and infrastructure improvements consistent with the Michigan Strategic Site Readiness Program. Prohibits appropriation from providing grants or other funds to a railroad company.

FY 2021-22 BOILERPLATE LANGUAGE SECTIONS-PART 2A

Sec. 1201. General. Records amount of total State spending and payments to local units of government.

Sec. 1202. General. Subjects appropriations and expenditures to the provisions of the Management and Budget Act.

Sec. 1401. State Police. Replaces Public Safety Academy Assistance Programs boilerplate from Public Act 166 of 2022. Current law allows \$4,000 for recruit salaries and \$20,000 for academy scholarships. New section allows a combined total of \$24,000 to be used for salaries and scholarships.

Sec. 1601. Repealer. Repeals Public Safety Academy Assistance Programs boilerplate as established under Public Act 166 of 2022.

Sec. 1602. Repealer. Repeals Housing Gap Financing and Affordable Housing and Water Shutoff Prevention Fund boilerplate sections as established under Public Act 1 of 2023.

Table 2

FY 2021-22 Supplemental Appropriations				
Department/Program	Gross	Federal	Other	GF/GP
State Police				
Local law enf. Academy assist. - boilerplate change	\$0	\$0	\$0	\$0
Total FY 2021-22 Supplemental Appropriations	\$0	\$0	\$0	\$0

Table 3

FY 2022-23 Supplemental Appropriations

Department/Program	Gross	Federal	Other	GF/GP
Environment, Great Lakes, and Energy				
Home energy rebate program - federal IRA funds	\$212,000,000	\$212,000,000	\$0	\$0
Mineral wells	500,000	0	0	500,000
Total Environment, Great Lakes, and Energy	\$212,500,000	\$212,000,000	\$0	\$500,000
Health and Human Services				
ARP - community violence intervention grants	\$10,000,000	\$5,000,000	\$5,000,000	\$0
ARP - CVI office startup costs (2.0 FTEs)	800,000	800,000	0	0
ARP - health care recruitment, retention, and training	75,000,000	75,000,000	0	0
ARP - nursing home workforce grants	67,000,000	67,000,000	0	0
Long-term care reimbursement rate increase	63,499,300	44,013,200	4,963,800	14,522,300
Water affordability - repurpose from PA 1 of 2023	25,000,000	0	0	25,000,000
Total Health and Human Services	\$241,299,300	\$191,813,200	\$9,963,800	\$39,522,300
Labor and Economic Opportunity				
ARP - arts and cultural program	\$5,000,000	\$5,000,000	\$0	\$0
ARP - community centers grants	60,000,000	60,000,000	0	0
Career and technical education complex	9,872,300	0	0	9,872,300
CDBG - disaster recovery - SE MI storms/flooding	7,864,000	7,864,000	0	0
Economic development statewide planning	1,000,000	1,000,000	0	0
Housing gap financing - boilerplate change	0	0	0	0
Mega-strategic site development - MAEDA/MSF	299,700,000	0	0	299,700,000
MI citizen reentry init. pilot - federal grant	2,540,600	2,540,600	0	0
MI community service commission - federal grant	7,274,200	7,274,200	0	0
State digital equity planning grant - federal grant	1,328,000	1,328,000	0	0
SOAR deposit	170,300,000	0	0	170,300,000
Student aviation center	3,750,000	0	0	3,750,000
Total Labor and Economic Opportunity	\$568,629,100	\$85,006,800	\$0	\$483,622,300
Military and Veterans Affairs				
Suicide prevention grant - federal	750,000	750,000	0	0
Total Military and Veterans Affairs	\$750,000	\$750,000	\$0	\$0
Natural Resources				
ARP - Lake Erie/Saginaw Bay wetland restoration	\$10,000,000	\$10,000,000	\$0	\$0
Total Natural Resources	\$10,000,000	\$10,000,000	\$0	\$0
Transportation				
Economic dev. grant - MAEDA/MSF project	\$330,000,000	\$0	\$0	\$330,000,000
Total Transportation	\$330,000,000	\$0	\$0	\$330,000,000
Treasury				
Remove water shutoff prev. fund - move to DHHS	(\$25,000,000)	\$0	\$0	(\$25,000,000)
Total Treasury	(\$25,000,000)	\$0	\$0	(\$25,000,000)
Total FY 2022-23 Supplemental Appropriations	\$1,338,178,400	\$499,570,000	\$9,963,800	\$828,644,600

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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.