



STATE OF MICHIGAN
 STATE BUDGET OFFICE
 LANSING

GRETCHEN WHITMER
 GOVERNOR

CHRISTOPHER M. HARKINS
 DIRECTOR

September 7, 2022

The Honorable Jim Stamas, Chair
 Senate Appropriations Committee
 Michigan State Senate
 State Capitol
 Lansing, Michigan 48909

The Honorable Thomas Albert, Chair
 House Appropriations Committee
 Michigan House of Representatives
 State Capitol
 Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Supplemental Request 2022-7

Attached please find supplemental recommendations for fiscal year 2022 totaling \$141 million Gross (\$5.7 million General Fund). The supplemental recommendations are summarized by department below.

<u>Department</u>	<u>GF/GP</u>	<u>Gross</u>
Agriculture and Rural Development	0	\$260,000
Corrections	(\$57,000,000)	\$250,000
Environment, Great Lakes, and Energy	\$0	\$2,850,000
Labor and Economic Opportunity	\$0	\$26,627,100
Military and Veterans Affairs	\$3,400,000	\$3,550,000
Natural Resources	\$2,300,000	\$2,300,000
State Police	\$57,000,000	\$105,200,000
Technology, Management and Budget	\$0	\$0
Total	\$5,700,000	\$141,037,100

If you have any questions regarding this request, please contact Bethany Wicksall at (517) 335-3420.

Sincerely,

Christopher M. Harkins
 State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader
Jason Wentworth, Speaker of the House
Jim Ananich, Senate Minority Leader
Donna Lasinski, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Jen Flood, Deputy Chief of Staff
Bethany Wicksall, Deputy State Budget Director
Heather Boyd, Office of Financial Management
Internal State Budget Office

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Agriculture and Rural Development

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		260,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		260,000
Total federal revenues	FDRL	260,000
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	0
ONE-TIME APPROPRIATIONS	Appn/Fund	
CRRSAA - farm stress program	T31289	60,000
CRRSAA - seafood processors pandemic response	T31210	200,000
GROSS APPROPRIATION		260,000
Appropriated from:		
USDA, multiple grants	3237	260,000

Boilerplate

Sec. xxx. The unexpended funds appropriated in part 1 for the CRRSAA farm stress program are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to provide a stress assistance program for individuals in farming or other agriculture related occupations.
- (b) The project will be accomplished by utilizing state employees, contracts with a vendor, or local partners.
- (c) The estimated cost of the project is \$60,000.00.
- (d) The tentative completion date is September 30, 2025.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Sec. xxx. The unexpended funds appropriated in part 1 for the CRRSAA Seafood Processors Pandemic Response program are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to provide financial relief to seafood processors.
- (b) The project will be accomplished by utilizing state employees and through a competitive grant process.
- (c) The total estimated cost of the project is \$200,000.00.
- (d) The tentative completion date is September 30, 2025.

Explanation

This supplemental request provides additional federal authorization to align spending authorization with available revenues resulting from an increase in federal grant funding to support the CRRSAA Farm Stress Program. The program provides a stress assistance program for individuals who are engaged in farming and other agriculture related occupations. These resources are available through the Federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021.

This supplemental request provides federal authorization to align spending authorization with available federal revenues to provide financial relief to seafood processors who incurred costs due to the COVID-19 pandemic. These resources are available through the Federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Corrections

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		250,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		250,000
Total federal revenues	FDRL	57,000,000
Total local revenues	LOCL	250,000
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	(57,000,000)
DEPARTMENTAL ADMINISTRATION AND SUPPORT	Appn/Fund	
County jail reimbursement program	38300	(2,000,000)
New custody staff training	55850	(1,000,000)
Prosecutorial and detainer expenses	60250	(1,500,000)
GROSS APPROPRIATION		(4,500,000)
Appropriated from:		
State general fund/general purpose	1000	(4,500,000)
OFFENDER SUCCESS ADMINISTRATION	Appn/Fund	
Community corrections comprehensive plans and services	36900	(1,000,000)
Education/skilled trades/career readiness programs	40650	(1,000,000)
Offender success programming	59330	(1,000,000)
Public safety initiative	60500	(750,000)
Offender success services	61730	(1,000,000)
GROSS APPROPRIATION		(4,750,000)
Appropriated from:		
State general fund/general purpose	1000	(4,750,000)
FIELD OPERATIONS ADMINISTRATION	Appn/Fund	
Criminal justice reinvestment	38760	(1,000,000)
Field operations	43950	0
GROSS APPROPRIATION		(1,000,000)
Appropriated from:		
Coronavirus relief fund	3140	24,700,000
State general fund/general purpose	1000	(25,700,000)

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

CORRECTIONAL FACILITIES ADMINISTRATION	Appn/Fund	
Prison food service	59100	(2,000,000)
GROSS APPROPRIATION		(2,000,000)
Appropriated from:		
State general fund/general purpose	1000	(2,000,000)

HEALTH CARE	Appn/Fund	
Mental health and substance use disorder treatment services	53300	0
Prisoner health care services	59250	(1,000,000)
GROSS APPROPRIATION		(1,000,000)
Appropriated from:		
Coronavirus relief fund	3140	32,300,000
State general fund/general purpose	1000	(33,300,000)

CORRECTIONAL FACILITIES	Appn/Fund	
Detroit Detention Center	22260A	250,000
Special alternative incarceration program - Jackson	22640	(1,750,000)
GROSS APPROPRIATION		(1,500,000)
Appropriated from:		
Local funds	4000	250,000
State general fund/general purpose	1000	(1,750,000)

ONE-TIME APPROPRIATIONS	Appn/Fund	
Corrections northern training facility	TC88385	15,000,000
GROSS APPROPRIATION		15,000,000
Appropriated from:		
State general fund/general purpose	1000	15,000,000

Explanation

This supplemental request includes a net zero appropriation that would reallocate \$15 million in one-time operating surpluses in existing operating line items to fund a one-time capital outlay line item to construct a Northern Training Academy site for the Michigan Department of Corrections. The Northern Training Academy would be utilized to train corrections officers for facilities in the northern region of Michigan.

This supplemental request replaces \$57 million General Fund authorization with federal authorization to allow for the expenditure of federal Coronavirus Relief Funds on eligible public health and public safety payroll expenditures for the Department of Corrections. General Fund savings are requested to be re-appropriated for the Department of State Police for COVID-19 response activities that are ineligible for federal reimbursement. These funds must be used for expenditures incurred prior to December 30, 2021, and allocations must be finalized by September 30, 2022.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

This supplemental request provides \$250,000 in additional budget authority from local revenues for higher than anticipated costs for the operations of the Detroit Detention Center (DDC), due to employee retention payments, increased contracted nursing costs, and increased contracted janitorial services costs. Operating costs for the DDC are fully funded through received through a contract with the City of Detroit.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Environment, Great Lakes, and Energy

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		2,850,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		2,850,000
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	2,850,000
State general fund/general purpose	GFGP	0

WATER RESOURCES DIVISION	Appn/Fund	
Bottle act implementation	32550A	50,000
GROSS APPROPRIATION		50,000
Appropriated from:		
Natural resources damages	2836	50,000

ONE-TIME APPROPRIATIONS	Appn/Fund	
Drinking water declaration of emergency	T40271	2,800,000
GROSS APPROPRIATION		2,800,000
Appropriated from:		
Drinking water declaration of emergency reserve fund	1541	2,800,000

Boilerplate

Sec. xxx. The unexpended funds appropriated in part 1 for Drinking water declaration of emergency are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is for lead service line replacement and restoration, mandatory filter replacement, and water testing for the City of Flint.
- (b) The project will be accomplished by utilizing state employees or contracts with service providers, or both.
- (c) The total estimated cost of the project is \$2,800,000.00.
- (d) The tentative completion date is September 30, 2026.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Explanation

This supplemental request re-appropriates \$2.8 million state restricted authorization, originally appropriated to the Department of Health and Human Services but expended by the Department of Environment, Great Lakes, and Energy (EGLE) through a memorandum of understanding, to support EGLE's drinking water response activities in Flint including lead service line replacement and restoration, mandatory filter replacement, and water testing required per the consent agreement with the National Resources Defense Council. Re-appropriation of state restricted authorization is needed because the existing work project will reach the 48 month statutory maximum on September 30, 2022.

This supplemental request provides \$50,000 state restricted authorization 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.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Labor and Economic Opportunity

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		26,627,100
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		26,627,100
Total federal revenues	FDRL	21,627,100
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	5,000,000
State general fund/general purpose	GFGP	0
UNEMPLOYMENT		Appn/Fund
Unemployment insurance agency	68260A	26,627,100
GROSS APPROPRIATION		26,627,100
Appropriated from:		
DOL-ETA, unemployment insurance	3247	21,627,100
Contingent fund, penalty and interest account	2213	5,000,000

Boilerplate

Sec. xxx. The federal funds appropriated in part 1 for the unemployment insurance agency come from Michigan's distribution of federal Reed Act dollars, authorized in the Temporary Extended Unemployment Compensation Act of 2002, and shall be used to cover administrative costs of the unemployment insurance agency. Pursuant to MCL 421.26(c)(2), these funds shall be transferred from the unemployment trust fund to the administration fund, created in MCL 421.10. The state budget director is authorized to make the accounting transactions necessary for the implementation of this appropriation.

Sec. xxx. The unexpended funds appropriated in part 1 for the unemployment insurance agency are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the work project is to support administrative costs of the unemployment insurance agency.
- (b) The projects will be accomplished by utilizing state employees or by contracts.
- (c) The total estimated cost of the work project is \$26,627,100.
- (d) The tentative completion date is September 30, 2023.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Explanation

This supplemental recommends a total of \$26.6 million in additional authorization for the Unemployment Insurance Agency (UIA), \$21.6 million in federal funding, and \$5 million in Contingent Fund, Penalty & Interest Fund. Additional authorization is needed to support UIA's administrative costs in fiscal year 2022 and the first quarter of fiscal year 2023, due to unexpected reductions in federal revenue and other efforts to address the ongoing backlog of cases.

While UIA's traditional federal revenue was reduced, this supplemental appropriates a separate source of federal funding available to the agency from the federal Reed Act. The Reed Act is a portion of the Employment Security Financing Act of 1954 that provides a mechanism for returning excess federal taxes to the state employment security agencies. In 2002 the Temporary Extended Unemployment Compensation Act (TEUCA) directed an \$8 billion Reed Act distribution to the states. Reed Act funds have no time limit and Michigan still has a remaining balance of \$21,627,039. Per federal guidelines, Reed Act dollars can be used to pay unemployment benefits or to cover administrative costs associated with unemployment insurance or employment services.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Military and Veterans Affairs

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		3,550,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		3,550,000
Total federal revenues	FDRL	150,000
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	3,400,000

MICHIGAN VETERANS' FACILITY AUTHORITY	Appn/Fund	
Grand Rapids home for veterans	45800A	3,400,000
GROSS APPROPRIATION		3,400,000
Appropriated from:		
State general fund/general purpose	1000	3,400,000

ONE-TIME APPROPRIATIONS	Appn/Fund	
COVID-19 special maintenance veterans homes	TC38514	150,000
GROSS APPROPRIATION		150,000
Appropriated from:		
USDVA-VHA	3278	150,000

Explanation

This request provides \$3.4 million additional GF/GP support for the Grand Rapids Home for Veterans necessary to close a shortfall stemming from a combination of continuing operating costs for the old facilities at the home, costs related to the transition of members to new facilities, and lower than anticipated member census and associated federal revenue.

This supplemental request appropriates \$150,000 in additional USDVA-VHA funding to align authorization with projected revenue available through the CARES Act to state veterans homes for construction projects. Like the FY2021 supplemental appropriation contained in 2021 PA 87, Article 14, this revenue supports the elevator replacement project at the D.J. Jacobetti Home for Veterans.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Natural Resources

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		2,300,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		2,300,000
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	2,300,000

RECREATIONAL LANDS AND INFRASTRUCTURE	Appn/Fund	
State game and wildlife area infrastructure	C88360	2,300,000
GROSS APPROPRIATION		2,300,000
Appropriated from:		
State general fund/general purpose	1000	2,300,000

Explanation

This capital outlay request provides \$2.3 million General Fund to stabilize the Net River Dam in Baraga County and address significant structural concerns that led to a partial failure of the dam in the spring. Water levels have been drawn down as a temporary measure to mitigate risk; however, immediate action is needed to install a temporary spillway before the Upper Peninsula's winter season starts, as recent engineering assessments suggest the dam will be unable to handle the additional water flow from spring runoff in its current compromised state.

This funding will also be used to cover the construction costs associated with either the permanent repair or removal of the dam in 2023 after further analysis is completed. DNR and EGLE staff are already starting the evaluation of the options in consultation with the Keweenaw Bay Indian Community (KBIC), as the Net River Dam is a culturally important impoundment that supports the KBIC's wild rice production efforts.

In addition to the tribal impacts, there are potential public safety and infrastructure impacts should the dam completely fail. The dam is located approximately 35 miles north of Crystal Falls and the Paint River Hydro-Electric Dam. Additionally, there are several bridges and camps/cabins downriver that could be at risk.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

State Police

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		105,200,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		105,200,000
Total federal revenues	FDRL	48,200,000
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	57,000,000

FIELD SERVICES	Appn/Fund	
Post operations	45610	0
GROSS APPROPRIATION		0
Appropriated from:		
Coronavirus relief fund	3140	48,200,000
State general fund/general purpose	1000	(48,200,000)

ONE-TIME APPROPRIATIONS	Appn/Fund	
COVID-19 federal ineligible expenses	T38526	105,200,000
GROSS APPROPRIATION		105,200,000
Appropriated from:		
State general fund/general purpose	1000	105,200,000

Boilerplate

Sec. xxx. The unexpended funds appropriated in part 1 for COVID-19 federal ineligible expenses are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to support expenses resulting from COVID-19 that are determined to be ineligible for federal reimbursement.
- (b) The project will be accomplished by utilizing state employees, contracts with vendors, or local partners.
- (c) The estimated cost of the project is \$105,200,000.00.
- (d) The tentative completion date is September 30, 2026.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Explanation

This supplemental request replaces \$48.2 million General Fund authorization with federal authorization to allow for the expenditure of federal Coronavirus Relief Funds on eligible public health and public safety payroll expenditures for the Department of State Police. General Fund savings are requested to be re-appropriated for COVID-19 response activities that are ineligible for federal reimbursement. These funds must be used for expenditures incurred prior to December 30, 2021, and allocations must be finalized by September 30, 2022.

This supplemental request provides \$105.2 million in one-time General Fund authorization, freed up through the use of the remaining balance of Coronavirus Relief Funds for public health and safety payroll, to support COVID-19 response activities that are determined ineligible for federal reimbursement. This appropriation will safeguard against future state costs as many completed projects will not be federally reviewed for months or years into the future.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 09/07/2022

Supplemental Letter Detail

Run Time: 11:32:26 AM

Supplemental Letter # 2022-7

Technology, Management and Budget

Boilerplate

Sec. xxx. In addition to the funds appropriated in part 1, the MDTMB may receive and expend money from the Michigan law enforcement officers memorial monument fund as provided in the Michigan law enforcement officers memorial act, 2004 PA 177, MCL 28.781 to 28.786. Any deposits made under this section and unencumbered funds are restricted revenues and shall be carried over into succeeding fiscal years.

REPEALER. Sec. 818 of 2021 PA 87, Article 5 is repealed.

Explanation

This supplemental request modifies fiscal year 2022 language for the Michigan Law Enforcement Officers Memorial Monument Fund (created in P.A. 177 of 2004, as amended) to carry forward revenue to maintain the Michigan Law Enforcement Officers Memorial Monument (MLEO). Including this amended boilerplate section will ensure MLEO support is maintained into fiscal year 2023 using revenue that the fund has accrued. This request is necessary due to the enactment of P.A. 39 of 2022, in which Section 7 of the Michigan Law Enforcement Officers Memorial Act that facilitated the fund's carry forward was repealed. The MLEO was dedicated in 2019 after construction was completed, with donations ongoing, to recognize Michigan law enforcement officers who have fallen in the line of duty. In addition, a one-time, \$500,000 appropriation from FY 2022 was included in the enacted budget for the purpose of supporting the ongoing maintenance needs of the monument.