



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

CHRIS KOLB
DIRECTOR

March 5, 2019

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

The Honorable Shane Hernandez, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Supplemental Request 2019-4

Attached please find supplemental recommendations for fiscal year 2019 for the departments of Attorney General, Education, Environmental Quality, Health and Human Services, Licensing and Regulatory Affairs, Natural Resources, State, Technology, Management and Budget, and Treasury.

If you have any questions regarding this request, please contact Kyle Jen at (517) 373-0870.

Sincerely,

Chris Kolb
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader
Lee Chatfield, Speaker of the House
Jim Ananich, Senate Minority Leader
Christine Greig, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Jay Rising, Cabinet Secretary
Kyle Jen, Deputy State Budget Director
Mike Moody, Office of Financial Management
Internal State Budget Office
House Fiscal Agency

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 03/2/2019

Supplemental Letter Detail

Run Time: 4:41:05 PM

Supplemental Letter # 2019-4

Attorney General

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		3,372,500
Total interdepartmental grants and interdepartmental transfers	IDGT	1,372,500
ADJUSTED GROSS APPROPRIATION		2,000,000
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	2,000,000
State general fund/general purpose	GFGP	0
ATTORNEY GENERAL OPERATIONS		Appn/Fund
Attorney general operations	31570	3,372,500
GROSS APPROPRIATION		3,372,500
Appropriated from:		
IDG from MDEQ	6761	700,000
IDG from MDHHS, human services	6431	170,000
IDG from Michigan state housing development authority	6635	167,500
IDG from MDTMB	6171	335,000
Lawsuit settlement proceeds fund	1479	2,000,000

Boilerplate

Sec. xxx. The unexpended funds appropriated in part 1 for attorney general operations 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 conduct a special investigation of the clergy in the Catholic Church.
- (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 \$2,000,000.00.
- (d) The tentative completion date is September 30, 2021.

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Sec. xxx. The unexpended funds appropriated in part 1 for attorney general operations 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 investigation and enforcement regarding environmental contaminants, including perfluoroalkyl and polyfluoroalkyl substances.

(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 \$700,000.00.

(d) The tentative completion date is September 30, 2022.

Explanation

This supplemental requests \$2 million state restricted revenues for investigation of alleged sexual assault and abuse of children and others by clergy in the Catholic Church.

Increases to interdepartmental grant amounts reflect modified agreements for legal services for the departments of Environmental Quality (\$700,000), Health and Human Services (\$170,000), Michigan State Housing Development Authority (\$167,500), and Technology, Management and Budget (\$335,000).

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Education

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		0
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		0
Total federal revenues	FDRL	(254,200)
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	254,200
MICHIGAN OFFICE OF GREAT START	Appn/Fund	
Child development and care public assistance	34250	0
GROSS APPROPRIATION		0
Appropriated from:		
Federal funds	3000	(254,200)
State general fund/general purpose	1000	254,200

Explanation

This supplemental requests a funding swap to reflect changing federal match rates in the State's child care program.

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Environmental Quality

Appropriation Summary	Appn/Fund	
<i>Full-time equated classified positions</i>		3.0
GROSS APPROPRIATION		120,000,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		120,000,000
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	120,000,000

ONE-TIME APPROPRIATIONS	Appn/Fund	
<i>Full-time equated classified positions</i>		3.0
Drinking water protection and innovation initiatives-3 FTE positions	T40285	120,000,000
GROSS APPROPRIATION		120,000,000
Appropriated from:		
State general fund/general purpose	1000	120,000,000

Boilerplate

Sec. xxx. From the funds appropriated in part 1 for drinking water protection and innovation initiatives, the following allocations shall occur.

(a) Minimum of \$37,500,000.00 for implementation of the lead and copper rule, including but not limited to, lead service line replacement and support of local education efforts by the Water Supply Advisory Councils established in R 325.10410(7).

(b) Minimum of \$30,000,000.00 to abate and cleanup emerging contaminants as well as invest in technologies to address contaminants in public water systems.

(c) Minimum of \$40,000,000.00 to provide grant funding to eligible applicants applying for Drinking Water Revolving Loan Funds.

(d) Up to \$7,500,000.00 for grants to communities to enhance asset management plans and/or for the development of sustainable water rate plans, and/or for watershed plans.

(e) Up to \$5,000,000.00 to support research and innovation, including but not limited to optimizing corrosion control treatment, optimizing distribution systems, and enhancing data building capacity of water systems.

Sec. xxx. From the minimum \$37,500,000.00 allocated in subsection (a) of section xxx, up to \$1,000,000.00 will be allocated to local Water Supply Advisory Councils for public awareness and education efforts related to lead and other potential drinking water contaminants. Of the maximum \$1,000,000.00 allocation, grants to Water Supply Advisory Councils shall not exceed \$25,000.00 each. Of the remaining funds from subsection (a), grants will be issued for up to \$2,000,000.00 for lead service line replacements in areas where the 90th percentile exceeds 10 parts per billion.

Sec. xxx. From the funds allocated in subsection (b) in section xxx, grants shall not exceed \$5,000,000.00 each.

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Sec. xxx. From the funds allocated in subsection (c) in section xxx, funding will be provided for drinking water infrastructure upgrades included in the community's asset management plans. Applicants will be eligible for grant funding for the lower of 30 percent of the total project cost or \$2,000,000.00 per year.

Sec. xxx. From the funds allocated in subsections (d) and (e) in section xxx, grants shall be awarded on a competitive basis and shall not exceed \$500,000.00 for an individual grant applicant. If a region applies on behalf of multiple community water supplies, the maximum grant shall not exceed \$2,000,000.00.

Sec. xxx. The unexpended funds appropriated in part 1 for the drinking water protection and innovation initiative 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 to be carried forward is to support drinking water protection and innovation.
- (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 \$120,000,000.00.
- (d) The tentative completion date is September 30, 2023.

Explanation

This proposal will invest one-time General Fund in a multi-year statewide initiative to assist local municipalities with implementation of the lead and copper rule, including replacement of water infrastructure; address emerging contaminants; and support research and innovation in drinking water spaces.

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Health and Human Services

Appropriation Summary

Appn/Fund

<i>Full-time equated classified positions</i>		31.5
GROSS APPROPRIATION		161,790,400
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		161,790,400
Total federal revenues	FDRL	97,928,700
Total local revenues	LOCL	9,410,000
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	96,731,600
State general fund/general purpose	GFGP	(42,279,900)

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Appn/Fund

Departmental administration and management	11510	190,000
Property management	13010	324,700
Terminal leave payments	67150	52,700
Worker's compensation	14000	40,000
GROSS APPROPRIATION		607,400
Appropriated from:		
Federal funds	3000	54,000
Other state restricted revenues	1200	417,400
State general fund/general purpose	1000	136,000

CHILD SUPPORT ENFORCEMENT

Appn/Fund

Legal support contracts	50950	0
GROSS APPROPRIATION		0
Appropriated from:		
Federal funds	3000	(956,300)
State general fund/general purpose	1000	956,300

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COMMUNITY SERVICES AND OUTREACH	Appn/Fund	
<i>Full-time equated classified positions</i>		<i>0.0</i>
Bureau of community services and outreach	32700	835,000
Community services and outreach administration-1 FTE positions	37140	167,000
Domestic violence prevention and treatment	40150	1,883,500
Michigan community service commission-(1) FTE positions	53550	0
Weatherization assistance	69550	(835,000)
GROSS APPROPRIATION		2,050,500
Appropriated from:		
Federal funds	3000	1,275,500
Crime victims rights fund	1905	315,000
State general fund/general purpose	1000	460,000
CHILDREN'S SERVICES AGENCY - CHILD WELFARE	Appn/Fund	
<i>Full-time equated classified positions</i>		<i>1.0</i>
Adoption subsidies	30310	(1,437,900)
Adoption support services	30300	4,145,500
Attorney general contract	31560	340,000
Child care fund	34150	9,172,300
Child welfare institute-1 FTE positions	35430	130,000
Family support subsidy	42950	(831,300)
Foster care payments	45250	13,170,400
Guardianship assistance program	46600	(998,600)
Settlement monitor	64050	148,300
Strong families/safe children	66250	(2,550,100)
GROSS APPROPRIATION		21,288,600
Appropriated from:		
Capped federal revenues	3213	5,007,500
Federal funds	3000	4,081,700
Social security act, temporary assistance for needy families	3510	433,100
County chargeback	4209	627,000
State general fund/general purpose	1000	11,139,300

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CHILDREN'S SERVICES AGENCY - JUVENILE JUSTICE	Appn/Fund	
Bay pines center	31950	0
Shawano center	64200	0
GROSS APPROPRIATION		0
Appropriated from:		
County chargeback	4209	(489,600)
State general fund/general purpose	1000	489,600
PUBLIC ASSISTANCE	Appn/Fund	
Family independence program	42750	(2,815,800)
Food assistance program benefits	44800	(113,757,300)
State disability assistance payments	65650	(883,500)
State supplementation	65950	(937,900)
State supplementation administration	65960	125,000
GROSS APPROPRIATION		(118,269,500)
Appropriated from:		
Federal funds	3000	(113,757,300)
Social security act, temporary assistance for needy families	3510	(2,815,800)
State general fund/general purpose	1000	(1,696,400)
FIELD OPERATIONS AND SUPPORT SERVICES	Appn/Fund	
<i>Full-time equated classified positions</i>		29.0
Michigan rehabilitation services-29 FTE positions	54200	0
GROSS APPROPRIATION		0
Appropriated from:		
Capped federal revenues	3213	0
BEHAVIORAL HEALTH PROGRAM ADMINISTRATION AND SPECIAL PROJECTS	Appn/Fund	
Behavioral health program administration	32050	(400,000)
GROSS APPROPRIATION		(400,000)
Appropriated from:		
State general fund/general purpose	1000	(400,000)

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BEHAVIORAL HEALTH SERVICES	Appn/Fund	
<i>Full-time equated classified positions</i>		1.5
Autism services	31650	(4,410,300)
Federal mental health block grant-1.5 FTE positions	43750	3,100,000
Healthy Michigan plan - behavioral health	47620	37,198,800
Medicaid mental health services	52700	29,935,700
Medicaid substance use disorder services	52800	(3,774,400)
GROSS APPROPRIATION		62,049,800
Appropriated from:		
Federal funds	3000	51,806,500
Quality assurance assessment tax	1902	1,066,500
State general fund/general purpose	1000	9,176,800
STATE PSYCHIATRIC HOSPITALS AND FORENSIC MENTAL HEALTH SERVICES	Appn/Fund	
Revenue recapture	62400	100
GROSS APPROPRIATION		100
Appropriated from:		
Local funds	4000	100
CHILDREN'S SPECIAL HEALTH CARE SERVICES	Appn/Fund	
Medical care and treatment	52850	6,837,500
GROSS APPROPRIATION		6,837,500
Appropriated from:		
Federal funds	3000	3,829,000
State general fund/general purpose	1000	3,008,500
MEDICAL SERVICES	Appn/Fund	
Adult home help services	30400	30,307,900
Ambulance services	31000	(1,172,700)
Auxiliary medical services	31800	629,400
Dental services	39270	(1,008,100)
Federal Medicare pharmaceutical program	43700	(1,409,000)
Health plan services	47300	(25,065,300)
Healthy Michigan plan	47600	(1,370,300)
Home health services	48000	646,100
Hospice services	48250	26,606,800
Hospital services and therapy	48350	110,387,100
Integrated care organizations	49450	8,697,000
Long-term care services	51950	100,432,900
Maternal and child health	52450	6,000,100
Medicaid home- and community-based services waiver	52650	(15,038,900)

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Medicare premium payments	53150	(23,945,400)
Personal care services	58400	(1,162,000)
Pharmaceutical services	58550	14,784,000
Physician services	58600	(23,095,500)
Program of all-inclusive care for the elderly	59800	(13,536,300)
Transportation	67805	(4,061,800)
GROSS APPROPRIATION		187,626,000
Appropriated from:		
Federal funds	3000	148,970,800
Local funds	4000	9,272,500
Medicaid benefits trust fund	1910	0
Other state restricted revenues	1200	54,366,700
Quality assurance assessment tax	1902	40,566,000
State general fund/general purpose	1000	(65,550,000)

Explanation

The supplemental request includes an increase of \$190,000 (\$136,000 General Fund) to the Departmental Administration and Management line to fund additional labor provided by the Attorney General's office due to increased workload pertaining to central registry cases. Additionally, there are increases in state restricted revenue authorization for several lines in the Departmental Administration and Support unit. This rebasing is based on first-year SIGMA cost allocation.

This supplemental request includes a \$956,300 General Fund increase in the Legal Support Contracts line to fund the increase in the federal child support collection fee, which was raised from \$25 to \$35 per case. Under current policy, the state does not assess this fee on custodial parents. Instead, the state pays the federal government its share of fee revenue out of state funds.

Adjustments to the Domestic Violence Prevention and Treatment line include an increase in Crime Victims Rights Fund authorization to fund a new director and secretary position, and an increase in federal authorization in anticipation of rebidding the "STOP Violence" grant in FY 2019. A transfer of General Fund from Behavioral Health Program Administration to the Community Services and Outreach Administration line corrects a financing error from the department merger. A transfer of capped federal funds from the Weatherization Assistance line to the Bureau of Community Services and Outreach aligns the budget with current operational structure.

The supplemental request includes adjustments in the Children's Services Agency - Child Welfare unit netting an increase of \$21.3 million (\$11.1 million General Fund.) This is largely driven by the child care fund caseload and an increase in foster care cost per case over the current law projection. Other General Fund increases in this unit include fingerprinting costs resulting from the federal Family First Prevention Services Act (\$335,000), an increase to the Attorney General contract due to an increased workload (\$247,800), a decrease in federal Title IV-B authorization for Adoption Support Services requiring an equivalent general fund increase (\$100,200), 1.0 FTE for a supervisor to oversee six child welfare trainers added in the FY2019 budget (\$98,600), and an increase to the settlement monitor contract (\$78,400). Other non-general fund adjustments pertain to increases in federal grants for adoption incentive payments and the Foster Care Kinship Navigator Award and a federal grant decrease for Strong Families/Safe Children.

This supplemental request includes a General Fund increase of \$489,600 to the Shawano Center and Bay Pines Center lines to replace over-authorization in the County Chargeback fund source to allow full use of each facility's budget.

The supplemental request includes adjustments for public assistance caseloads that amount to a net decrease of 118.4 million (\$1.8 million General Fund). This is largely driven by declining federally funded food assistance program caseloads. Additionally, there is an increase of \$125,000 General Fund in the State Supplementation Administration line item to restore a portion of a FY 2019 reduction to the line in anticipation of projected need and a federal administrative rate increase.

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The supplemental request increases FTE authorization for the Michigan Rehabilitation Services line by 29.0 to meet newly imposed requirements to serve an expanded population for transition services starting at age fourteen. There is sufficient carryforward funding in the line to fund the positions.

This supplemental provides an additional \$21.8 million (\$7.7 million General Fund) for traditional Medicaid behavioral services and \$21.4 million gross (\$1.4 million General Fund) for Healthy Michigan Plan (HMP) Behavioral Health to align with anticipated caseload expenditures. The supplemental also includes \$15.8 million to expand the hospital provider assessment funded Hospital Rate Adjustment (HRA) payments to the HMP Behavioral Health line. The supplemental requests an additional \$3.1 million in federal authorization to account for an increase in Mental Health Block Grant revenue in FY 2019.

The supplemental request includes caseload adjustments in various Medicaid appropriations to account for changes in anticipated expenditures. Physical health Medicaid and Children's Special Health Care Services caseload line items are reduced by a total of \$115.6 million (\$26.5 million General Fund). Significant savings in the Health Plan Services and Healthy Michigan Plan line items combined with smaller but still meaningful savings in the Physician Services and Medicare Premium Payments more than offset projected growth in Long-Term Care Services, Hospital Services, Hospice Services, and Adult Home Help Services.

Outside of caseload cost adjustments, the supplemental request includes multiple special financing adjustments in the Medicaid Program. These adjustments represent a net change of \$101.5 million (decrease of \$1.6 million General Fund) in Health Plan Services, and \$58.7 million in Healthy Michigan Plan. Additionally, the supplemental recognizes additional General Fund retainer savings from growth in QAS payments to nursing facilities (\$4.9 million) and uncompensated care DSH payments to hospitals (\$9.1 million).

Significant savings of \$25.0 million General Fund are recognized from disproportionate share hospital financing increases available at the state's psychiatric hospitals. This financing allows the state to leverage federal dollars for services provided to Medicaid eligible patients.

The supplemental recognizes policy-related cost changes in Medicaid programs. The request includes \$5.7 million (\$2.0 million General Fund) related to the impact of minimum wage increases prescribed in PA 368 of 2018 on the cost of community-based home help services. Also requested is \$8.0 million (\$2.9 million General Fund) to account for changes to the state's Medicare buy-in policy for individuals dually eligible for Medicare and Medicaid. A total of \$1.5 million (\$150,000 General Fund) is requested to ensure compliance with the federal electronic visit verification requirements. Finally, the supplemental estimates savings of \$2 million (\$474,900 General Fund) in Pharmaceutical Services and Healthy Michigan Plan from complying with federal guidance relating to opioid dispensing limits.

Non-general fund technical adjustments within the request adjust anticipated federal revenue for hospital graduate medical education payments, add 1.5 FTEs supported with current funding for administration of the Federal Mental Health Block Grant, and shift certain settlement payments between Medicaid appropriations. Finally, the supplemental shifts statutorily supported hospital provider assessment retainer through the Healthy Michigan Plan of \$118.4 million from the Health Plan services appropriation to the Healthy Michigan Plan appropriation.

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Licensing and Regulatory Affairs

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		5,500,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		5,500,000
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	500,000
State general fund/general purpose	GFGP	5,000,000

OCCUPATIONAL REGULATION	Appn/Fund	
Bureau of community and health systems	32830	500,000
GROSS APPROPRIATION		500,000
Appropriated from:		
Child care home and center licenses fund	1028	500,000

ONE-TIME APPROPRIATIONS	Appn/Fund	
Implementation of voter initiated law 2018-1	T48755	5,000,000
GROSS APPROPRIATION		5,000,000
Appropriated from:		
State general fund/general purpose	1000	5,000,000

Boilerplate

Sec. xxx. The funds appropriated to the department of licensing and regulatory affairs in part 1 for implementation of Initiated Law 1 of 2018, MCL 333.27951 to 333.27967, shall be expended by the department in coordination with other state agencies for implementation costs as specified in the act.

Explanation

Pursuant to Public Act 258 of 2017, \$500,000 is recommended in state restricted fee revenue that will be collected from Child Day Care Centers and Child Day Care Homes for child care licensing and regulation.

This supplemental request also recommends an additional \$5 million General Fund to complete the initial implementation of Initiated Law 1 of 2018, in addition to the \$5 million that was included in Public Act 618 of 2018, for a total of \$10 million. Corresponding boilerplate is included to ensure that funds will be used by the department in coordination with other affected agencies (i.e., State Police, Treasury, and the Attorney General). The General Fund will be fully reimbursed from excise tax collections deposited to the Marihuana Regulation Fund in Fiscal Year 2020.

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Natural Resources

Appropriation Summary

Appn/Fund

GROSS APPROPRIATION		21,100,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		21,100,000
Total federal revenues	FDRL	3,600,000
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	17,500,000
State general fund/general purpose	GFGP	0

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Appn/Fund

Executive direction	11000	36,000
Finance and operations	11610	44,300
GROSS APPROPRIATION		80,300
Appropriated from:		
Off-road vehicle trail improvement fund	2363	80,300

COMMUNICATION AND CUSTOMER SERVICES

Appn/Fund

Marketing and outreach	52400	13,400
GROSS APPROPRIATION		13,400
Appropriated from:		
Off-road vehicle trail improvement fund	2363	13,400

LAW ENFORCEMENT

Appn/Fund

General law enforcement	45600	716,800
GROSS APPROPRIATION		716,800
Appropriated from:		
Off-road vehicle trail improvement fund	2363	716,800

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GRANTS	Appn/Fund	
National recreational trails	55550	1,900,000
Off-road vehicle trail improvement grants	57060	764,500
Snowmobile local grants program	64500	3,700,000
GROSS APPROPRIATION		6,364,500
Appropriated from:		
Federal funds	3000	1,900,000
Off-road vehicle trail improvement fund	2363	764,500
Snowmobile trail improvement fund	2464	3,700,000

CAPITAL OUTLAY RECREATIONAL LANDS AND INFRASTRUCTURE	Appn/Fund	
Off-road vehicle trail development and maintenance	C86065	1,425,000
Snowmobile trail development and maintenance	C88080	2,300,000
State parks repair and maintenance	C88420	8,500,000
GROSS APPROPRIATION		12,225,000
Appropriated from:		
Off-road vehicle trail improvement fund	2363	1,425,000
Park improvement fund	1125	8,000,000
Recreation passport fees	2325	500,000
Snowmobile trail improvement fund	2464	2,300,000

ONE-TIME APPROPRIATIONS	Appn/Fund	
Shooting range enhancement projects - capital outlay	TC89560	1,700,000
GROSS APPROPRIATION		1,700,000
Appropriated from:		
Federal funds	3000	1,700,000

Explanation

This supplemental provides additional funding to address priority maintenance and improvement needs across the state ORV trail system. This includes the repair and replacement of bridges and culverts, as well as projects to address erosion damage and other ORV trail improvement needs. The supplemental will also support public safety through additional investments in ORV enforcement through DNR Law Enforcement Division and county sheriffs.

The supplemental request complies with the formula prescribed in 1994 PA 451, as amended, Part 811, Sec. 81119 for the appropriation of revenue deposited in the ORV Trail Improvement Fund. Sufficient revenue is available to support the request due to the continued growth of ORV license and trail permit sales.

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This supplemental is needed to align federal Recreational Trails Program (RTP) spending authority with available revenue. Over twenty trail projects benefiting communities throughout the state have been vetted and approved for federal obligation using RTP grant funds. These projects total \$5.8 million; however, only \$3.9 million of federal RTP spending authority is provided in the DNR's FY 2019 budget. This supplemental will provide the additional \$1.9 million of spending authority needed to fully obligate available federal grant funding so that these recreational trail projects can move forward in FY 2019.

The RTP is a federal grant program that provides funding to the states to develop and maintain recreational trails and trail-related facilities. Michigan has been unable to fully obligate its RTP apportionment in recent years due to a variety of challenges (e.g. the implementation of a multi-year process improvement initiative to comply with federal regulations, as well as integration with new software, like SIGMA and JobNet, at the state level). As a result, the state's unobligated balance has grown to over \$7.1 million. This supplemental will reduce the unobligated balance to a more manageable level of approximately \$1.3 million and ensure that future federal RTP apportionments are not negatively impacted.

This supplemental will fund grants to trail sponsors to ensure that state snowmobile trails are well-maintained and safe. Funds will be used to replace 9-10 snowmobile trail groomers, meet maintenance and repair needs for aging groomers that cannot yet be replaced, and otherwise support the work of trail sponsors to maintain state snowmobile trails at acceptable standards.

Sufficient funds are available to support the request from snowmobile trail permit revenue and gas tax revenue deposited in the Snowmobile Trail Improvement Fund.

The capital outlay request for \$1.4 million in state restricted funds for ORV trail improvements will be used to address priority maintenance and improvement needs, such as erosion damage and bridge and culvert repair/replacement projects, across the state's ORV trail system.

The capital outlay request for \$2.3 million in state restricted funds for snowmobile trail improvements will be used to address priority maintenance and improvement needs, such as erosion damage and bridge and culvert repair/replacement projects, across the state's snowmobile trail system.

This capital outlay request for \$8.5 million in state restricted funds for state parks repair and maintenance will be used for demolition, maintenance, repair, renovation, and small-scale replacement/new construction projects at various state parks and recreation areas. The \$8 million is available in the Park Improvement Fund due to increased camping revenue. In addition, \$500,000 in Recreation Passport Fees revenue is allocated for cultural and historical preservation projects.

The one-time capital outlay request for \$1.7 million in federal funds for shooting range enhancements awarded to the department will advance projects focused on addressing safety and conflict, as well as improved shooting opportunities. Priority projects are located in Allegan, Lapeer, and Marquette Counties. These federal funds are available from a federal excise tax on firearms and ammunition, while state and local match requirements are already available from existing spending authority and local partners, respectively.

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 03/2/2019

Supplemental Letter Detail

Run Time: 4:41:05 PM

Supplemental Letter # 2019-4

State

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		5,000,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		5,000,000
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	5,000,000
DEPARTMENTAL ADMINISTRATION AND SUPPORT	Appn/Fund	
Executive direction	11000	5,000,000
GROSS APPROPRIATION		5,000,000
Appropriated from:		
State general fund/general purpose	1000	5,000,000

Boilerplate

Sec. xxx. The unexpended funds appropriated in part I for executive direction 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 implement Proposal 2 and 3 approved by voters in November 2018.
- (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 \$5,000,000.00.
- (d) The tentative completion date is September 30, 2022.

Explanation

This supplemental requests \$5 million General Fund to begin implementation of Proposals 2 and 3 approved by voters in November 2018.

Proposal 2 established an independent citizens' commission to draw legislative and congressional maps. The Secretary of State's responsibility is to develop and implement a commission selection and application process and educate the public about the opportunity to serve. The timing necessitates that work begin this year. Funding will support hardware, software, and staff costs.

Proposal 3 added voting rights provisions to the Constitution including same day registration, no excuse absentee voting, and straight party voting. The first elections under new provisions are May 2019 so implementation must begin immediately. Funding will support education, training, and communication of new laws, and purchase of absentee voter equipment.

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SIGMA

Run Date: 03/2/2019

Supplemental Letter Detail

Run Time: 4:41:05 PM

Supplemental Letter # 2019-4

Technology, Management and Budget

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		17,000,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		17,000,000
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	17,000,000
ONE-TIME APPROPRIATIONS	Appn/Fund	
Drinking water declaration of emergency	T40266	15,000,000
Economic incentives evaluations	T40565	2,000,000
GROSS APPROPRIATION		17,000,000
Appropriated from:		
State general fund/general purpose	1000	17,000,000

Boilerplate

Sec. xxx. The unexpended funds appropriated in part 1 for economic incentives evaluations 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 be used for the evaluation of economic incentive programs pursuant to Public Act 540 of 2018.
- (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 \$2,000,000.00.
- (d) The tentative completion date is September 30, 2023.

Sec. xxx. The general fund appropriated in part 1 for the drinking water declaration of emergency is appropriated for deposit into the drinking water declaration of emergency reserve fund established in section 880 of 2018 PA 207.

Explanation

This supplemental requests recommends \$2 million in one-time General Fund for compliance with Public Act 540 of 2018, which requires the department to contract with a private entity, nonprofit entity, or academic institution for periodic evaluations of certain economic development incentives.

This supplemental request deposits \$15 million one-time General Fund into the Drinking Water Declaration Emergency Reserve Fund for potential emergency response activities.

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SIGMA

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Supplemental Letter Detail

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Supplemental Letter # 2019-4

Treasury

Appropriation Summary

Appn/Fund

<i>Full-time equated classified positions</i>		2.0
GROSS APPROPRIATION		20,250,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		20,250,000
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	20,250,000

DEPARTMENTAL ADMINISTRATION AND SUPPORT

Appn/Fund

Office of financial services	11620	300,000
GROSS APPROPRIATION		300,000
Appropriated from:		
State general fund/general purpose	1000	300,000

TAX PROGRAMS

Appn/Fund

<i>Full-time equated classified positions</i>		2.0
Tax compliance	66900	200,000
Tax administration services bureau-2 FTE positions	66950	500,000
GROSS APPROPRIATION		700,000
Appropriated from:		
State general fund/general purpose	1000	700,000

GRANTS

Appn/Fund

Senior citizen cooperative housing tax exemption program	63750	250,000
Wrongful imprisonment compensation fund	70030	10,000,000
GROSS APPROPRIATION		10,250,000
Appropriated from:		
State general fund/general purpose	1000	10,250,000

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SIGMA

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ONE-TIME APPROPRIATIONS	Appn/Fund	
Treasury operations information technology services and projects	T16090	9,000,000
GROSS APPROPRIATION		9,000,000
Appropriated from:		
State general fund/general purpose	1000	9,000,000

Explanation

This supplemental request provides funding for the Senior Citizens Cooperative Housing Tax Exemption Program. Payments are made in accordance with PA 78 of 2016. Two new facilities are eligible for the program this year and the current FY19 funding levels are insufficient to pay local units at the full amount. Prorated payments have been made. This additional funding would allow for the remainder of the scheduled full payment amount to be made to local units.

This supplemental requests \$10 million General Fund for the Wrongful Imprisonment Compensation Fund for payments in accordance with the Wrongful Imprisonment Compensation Act, PA 343 of 2016. Total funding is estimated based on court actions to date.

This supplemental provides \$10 million General Fund, of which \$9 million is one-time, for information technology system implementation costs associated with a proposed business entity pass-through tax. The remaining \$1 million will support partial year staffing for the program. This supplemental will coincide with the proposed restoration of retirement tax deductions as part of the fiscal year 2020 Executive Recommendation.