



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

CHRIS KOLB
DIRECTOR

December 3, 2020

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 2021-1

Attached please find supplemental recommendations for fiscal year 2021 for the departments of Agriculture and Rural Development; Health and Human Services; and Labor and Economic Opportunity.

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

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
House Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Jen Flood, Legislative and Public Affairs Director
George Cook, Director of Legislative Affairs
Kyle Jen, Deputy State Budget Director
Heather Boyd, Office of Financial Management
Internal State Budget Office

Report ID: BUD-SUPLET-0047

SIGMA

Run Date: 12/03/2020

Supplemental Letter Detail

Run Time: 8:04:04 AM

Supplemental Letter # 2021-1

Agriculture and Rural Development

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		0
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		0
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	0

AGRICULTURE DEVELOPMENT	Appn/Fund	
Food and agriculture investment program	30720	(2,470,600)
Food and agriculture investment program	30720	2,470,600
GROSS APPROPRIATION		0
Appropriated from:		
State general fund/general purpose	1000	0

Boilerplate

Sec. xxx. (1) From the funds appropriated in part 1 for the food and agriculture investment program, the department shall establish and administer a food and agriculture investment program.

(2) The food and agriculture investment program shall expand the Michigan food and agriculture sector, grow Michigan exports, promote the development of value-added agricultural production, food hubs, food incubators, and community-based processing facilities, and the expansion of farm markets and urban agriculture, including promotion of hoop houses, and increase food processing activities with the state by accelerating projects and infrastructure development that support growth in the food and agriculture processing industry.

(3) The department shall support a study on the food supply chain in Michigan for all commodities, except those related to animal agriculture. The study shall work to inform current or potential issues including, but not limited to:

(a) Current capacity versus market demand

(b) Supply chain issues

(c) Workforce issues including obstacles to ensuring worker safety in the event of a public health emergency that may result in an unexpected disruption

(d) Infrastructure issues

(4) The department shall issue an RFP to conduct the study in subsection (3). Following publication, this study will be made available on the department's website.

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(5) In addition to the funds appropriated in part 1, the department may receive and expend funds received from outside sources for the food and agriculture investment program.

(6) Before the allocation of funding, all projects shall receive approval from the Michigan commission of agriculture and rural development, except for projects selected through a competitive process by a joint evaluation committee selected by the director and consisting of representatives that have agriculture, business, and economic development expertise. Projects funded through the food and agriculture investment program will be required to have a grant agreement that outlines milestones and activities that must be met in order to receive a disbursement of funds. Projects must also identify measurable project outcomes.

(7) The department shall include in the agriculture development annual report on a food and agriculture investment program for the previous fiscal year that includes a listing of the grantees, award amounts, match funding, project locations, and project outcomes.

(8) The food and agriculture investment program shall be administered by the department and provide support for food and agriculture projects will enable growth in the industry and this state's economy.

(9) The unexpended funds appropriated in part 1 for the food and agriculture investment 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(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the project is to promote and expand the Michigan food and agriculture sector, grow Michigan exports, and increase food processing activities within the state.

(b) The project will be funded in accordance with this section and the project guidelines approved by the Michigan commission of agriculture and rural development prior to an award.

(c) The estimated cost of this project is identified in the appropriation line item.

(d) The tentative completion date of the work project is September 30, 2023.

REPEALER. Section 701 of 2020 PA 166 is repealed.

Explanation

This supplemental request unappropriates and reappropriates funding for the Food and Agriculture Investment Program so that boilerplate can be added to authorize a study of the food supply chain in Michigan related to all commodities except animal agriculture. This study will review the current supply chain, how it compares to market needs, and determine gaps in various areas that could be addressed in future years to prevent disruption caused by emergencies.

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Health and Human Services

Appropriation Summary	Appn/Fund	
<i>Full-time equated classified positions</i>		10.0
GROSS APPROPRIATION		57,255,000
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		57,255,000
Total federal revenues	FDRL	52,062,900
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	5,192,100

CHILDREN'S SERVICES AGENCY - CHILD WELFARE	Appn/Fund	
Family preservation programs	42850	15,622,000
GROSS APPROPRIATION		15,622,000
Appropriated from:		
Capped federal revenues	3213	15,622,000

FIELD OPERATIONS AND SUPPORT SERVICES	Appn/Fund	
<i>Full-time equated classified positions</i>		10.0
Food assistance reinvestment-10 FTE positions	44802	5,192,100
GROSS APPROPRIATION		5,192,100
Appropriated from:		
State general fund/general purpose	1000	5,192,100

BEHAVIORAL HEALTH SERVICES	Appn/Fund	
Community substance use disorder prevention, education, and treatment	36400	36,440,900
GROSS APPROPRIATION		36,440,900
Appropriated from:		
Federal funds	3000	36,440,900

Explanation

This supplemental request authorizes spending of a \$15.6 million capped federal funding grant in the Family Preservation Programs line that was received for aiding in the transition to compliance with the federal Family First Prevention Services Act (FFPSA), which aims to prevent children from entering foster care, as well as to keep foster children in family-like settings whenever possible.

This supplemental request increases the Food Assistance Reinvestment appropriation by \$5.2 million General Fund. Michigan is required by the U.S. Department of Agriculture to invest this funding in efforts to reduce food assistance payment error rates. The spend plan for this effort includes hiring ten more FTEs than are currently authorized in the budget.

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This supplemental recommendation includes \$36.4 million in federal authorization to recognize newly awarded Federal State Opioid Response (SOR) grant from the Substance Abuse and Mental Health Services Administration (SAMHSA). The SOR grant will largely support state efforts related to opioid treatment, prevention, and recovery.

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Labor and Economic Opportunity

Appropriation Summary	Appn/Fund	
GROSS APPROPRIATION		11,762,600
Total interdepartmental grants and interdepartmental transfers	IDGT	0
ADJUSTED GROSS APPROPRIATION		11,762,600
Total federal revenues	FDRL	11,762,600
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	0

WORKFORCE DEVELOPMENT	Appn/Fund	
Workforce development programs	26040	9,916,800
Workforce program administration	26020	1,845,800
GROSS APPROPRIATION		11,762,600
Appropriated from:		
DED-OESE, GEAR-UP	3212	4,000,000
Federal funds	3000	7,762,600

Boilerplate

Sec. xxx. The state budget director shall take any and all related actions necessary to effectuate a transfer to the general fund of any remaining balance from interest earnings, estimated to be under \$500.00, from the fund originally created in Sec. 757 of Public Act 618 of 2018.

Explanation

This supplemental recommendation includes a technical boilerplate section that allows for the return of approximately \$405.00 in interest balance to the General Fund from the Northern Michigan Tourism and Sports Fund, which was created in Public Act 618 of 2018, a fiscal year 2019 supplemental appropriations act. This new fund received a \$10 million deposit from the General Fund in order to fulfill a \$10 million appropriation to the Great Lakes Sports Commission. This appropriation was included in an AY19 work project which has been fully expended and therefore closed as part of the fiscal year 2020 book closing process. Returning the unappropriated interest earnings to the General Fund is the final piece of financially closing out this appropriation.

This supplemental recommendation includes \$4 million in federal authorization for the federal Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) program. Authorization would be added to the Workforce Program Administration line (\$1M) and Workforce Development Programs line (\$3M), conforming to the grant budget approved by the federal government. This program is not new, but budget authority was removed in FY21 due to uncertainty Michigan would receive an award. LEO has now been notified that they will be awarded \$4 million for seven years (\$28 million total). GEAR UP aims to increase the number of low-income students who are prepared to enter and succeed in postsecondary education, a critical tool to help achieve the statewide "Sixty by 30" goal of 60% postsecondary education attainment by 2030. LEO works with 15 participating public universities to implement and administer the program.

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This supplemental recommendation includes federal authorization of \$5.95 million (\$350,000 in the Workforce Program Administration line and \$5.6 million in the Workforce Development Programs line) for a new competitive federal grant award for the Michigan Learning and Education Advancement Program (MiLEAP). The grant will help jobseekers transition from education and training to employment through customized training solutions and support from navigators who help workers assess and overcome barriers. MiLEAP will target services to individuals who are dislocated, underemployed, economically disadvantaged, able to perform essential functions, and living in distressed rural and urban communities.

This supplemental recommendation includes \$1.8 million in federal authorization (\$1.3 million in the Workforce Development Programs and \$495,800 in Workforce Program Administration line items) to reflect new federal funding provided in two grants. The first grant, the Michigan One Advanced Workforce Program, is focused on preparing the workforce for middle- to high-skilled positions currently filled by H-1B visa workers in advanced manufacturing, information technology, and transportation/mobility. Training will focus on the completion of an Associates or Bachelor's degree, or an industry recognized credential. The second grant, the Michigan Rural Enhanced Access to Careers in Healthcare (MiREACH), will focus on connecting employers with skilled healthcare workers in rural communities. This request reflects partial year funding as the grant period begins March 1, 2021.