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Senate Bill 7 (S-1) CR-1*
Sponsor: Senator Sarah E. Anthony
Committee: Appropriations

Date Completed: 1-26-23

CONTENT

The bill would appropriate a net total of \$146.3 million (\$134.9 million Federal, \$300,000 local, \$11.1 million restricted, and \$0 General Fund/General Purpose (GF/GP)) for fiscal year (FY) 2021-22. Further, for FY 2022-23, the bill would appropriate a total of \$946.2 million (\$240.0 million Federal, \$706.2 million GF/GP). These funds would be appropriated across several State departments; amounts for each affected department are detailed in [Tables 1](#) through [3](#). Note that the final column in [Table 1](#) is the total amount of the positive and negative 'net-to-zero' appropriation adjustments for each affected department.

Appropriations for FY 2021-22 include several positive and negative amounts that net to zero. These 'net-to-zero' items would facilitate the close of books for FY 2021-22 by reducing line items in which actual expenditures were less than the appropriated amounts and transferring those appropriations to line items in which expenditures are projected to exceed appropriations. The majority of these items are in entitlement-type programs such as Medicaid, or in programs with highly variable staffing costs, such as the items for the Department of Corrections. The FY 2021-22 items in the bill effectively would make the year-end budgetary adjustments requested by the State Budget Office in Supplemental Requests 2022-7, 2022-8, and 2022-9, which were submitted to the Senate and House Appropriations Committees on September 7th, 2022, November 4th, 2022, and November 30th, 2022, respectively.

The bill contains several FY 2021-22 items that would be net increases that do not net to zero. The largest of these items is \$120.0 million of Federal funds for the Food Assistance Program in the Department of Health and Human Services (DHHS). A list of the remaining items that do not net to zero is available in [Table 2](#).

Finally, the bill contains several items for FY 2022-23, including \$200.0 million for an Upper Peninsula economic development project, \$150.0 million for affordable housing and housing gap financing, \$150.0 million for a deposit into the Strategic Outreach and Attraction Reserve (SOAR) Fund, \$100.0 million for community revitalization and placemaking (RAP) grants, \$75.0 million for blight elimination, \$75.0 million for small business smart zones, and several other items. The bill would appropriate \$240.0 million of the remaining roughly \$700.0 million in unappropriated Federal American Rescue Plan (ARP) Act funds, with the remaining \$706.2 million in spending supported by GF/GP funds. [Table 3](#) itemizes the supplemental items in S.B. 7 for FY 2022-23.

Table 1

FY 2021-22 Supplemental Appropriations			
Department	Additional Appropriations		Net-to-Zero Appropriations
	Gross	GF/GP	Gross
Corrections	\$300,000	\$0	\$28,046,000
EGLE	50,000	0	0
Health & Human Serv.	139,409,000	0	317,116,000
LEO	0	0	0
Military and Vet. Aff.	150,000	0	1,762,000
State Police	6,386,400	0	6,386,400
Treasury	0	0	102,875
TOTAL	\$146,295,400	\$0	\$353,413,275

Table 2

FY 2021-22 Supplemental Appropriation Details			
Dept.	Item	Gross	GF/GP
MDOC	Detroit Detention Center local reimbursement	\$300,000	\$0
EGLE	Natural resources damages fund – site restoration	50,000	0
DHHS	Food assistance program – align appn with expend.	120,000,000	0
DHHS	QAAP adjustment	5,500,000	0
DHHS	State psychiatric hospitals – align appn with expend.	9,500,000	0
DHHS	Rape crisis services and support grant – 3 rd grant	4,409,000	0
DMVA	CARES Act – elevator replacement at Jacobetti	150,000	0
MSP	Post operations – fund shift to use SFRF instead of GF	6,386,400	0
TOTAL		\$146,295,400	\$0

Table 3

FY 2022-23 Supplemental Appropriation Details			
Budget Area/Item	Gross	Federal	GF/GP
Labor and Economic Opportunity			
Upper Peninsula econ. dev. project	\$200,000,000	\$0	\$200,000,000
SOAR fund deposit	150,000,000	0	150,000,000
Affordable housing / financing	150,000,000	0	150,000,000
Revital. & placemaking (RAP) grants	100,000,000	0	100,000,000
ARP - blight elimination	75,000,000	75,000,000	0
ARP - small business smart zones and business accelerators	75,000,000	75,000,000	0
ARP - missing middle gap program	50,000,000	50,000,000	0
ARP - statewide apprenticeship	25,000,000	25,000,000	0
Fruit Ridge Ave Bridge improvements	25,000,000	0	25,000,000
ARP - removal of workforce barriers	15,000,000	15,000,000	0
Lexington Harbor redevelopment	8,000,000	0	8,000,000
Total Labor and Economic Opportunity	\$873,000,000	\$240,000,000	\$633,000,000
Legislature – Ind. Citizens			
Redistricting Commission (ICRC)	\$3,170,000	\$0	\$3,170,000
State Police - In-service training	\$20,000,000	\$0	\$20,000,000
Transportation - TEDF categ. (b)	\$25,000,000	\$0	\$25,000,000
Treasury - Water shutoff prevention fund	\$25,000,000	\$0	\$25,000,000
TOTAL	\$946,170,000	\$240,000,000	\$706,170,000

FISCAL IMPACT

The bill would appropriate a net total of \$146.3 million for FY 2021-22, and \$946.2 million gross (\$706.2 million GF/GP) for FY 2022-23. Further detail on these is available in the **CONTENT** portion of this analysis.

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. Directs that funds appropriated from the Federal government be spent according to Federal rules and 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. 301. Department of Labor and Economic Opportunity. Requires that \$75.0 million from the ARP - blight elimination program be used for demolition, stabilization, environmental remediation, or rehabilitation. Provides \$2.5 million to each of the 10 largest land banks (including the State in partnership with a municipality), \$500,000 to all remaining land banks, and \$30.5 million for competitive grants statewide for blight elimination addressed by land banks or municipals, or by the State land bank.

Sec. 302. Department of Labor and Economic Opportunity. Requires that \$50.0 million from the ARP - Missing Middle Gap Program be used by the State Land Bank Authority to establish a Missing Middle Housing Gap Program. Specifies that the program must increase the supply of housing stock by providing cost defrayment to developers who develop properties targeted to households that meet the definition of "missing middle household" as determined by the Authority, provided that definition complies with rules and regulations established under the Federal American Rescue Plan. Requires at least 30% of the dollar amount of the awards to be allocated to projects in rural communities and that not more than 15% of awards be allocated to any single city, village, or township. Establishes additional program guidelines. Establishes appropriation as a work project.

Sec. 303. Department of Labor and Economic Opportunity. Requires that \$15.0 million from ARP - removal of workforce barriers be used by the Department for employment, reemployment, and removal of barriers for at-risk individuals.

Sec. 304. Department of Labor and Economic Opportunity. Requires that ARP - small business smart zones and business accelerators be used by the Michigan Strategic Fund to create and operate programs to support small businesses disproportionately impacted by the COVID-19 pandemic.

Sec. 305. Department of Labor and Economic Opportunity. Requires that ARP - statewide apprenticeship expansion funds be used to support occupations critical to Michigan's economic recovery, assist citizens in obtaining industry credentials, and support registered apprenticeship program expansion efforts around the State. Requires the program to serve

citizens and industries most severely impacted by COVID-19 and those who least often benefit from registered apprenticeship programs.

Sec. 306. Department of Labor and Economic Opportunity. Requires the Michigan Strategic Fund to use \$100.0 million to create and operate the Community Revitalization and Placemaking Grants program to invest in projects that enable population and tax revenue growth through the rehabilitation of vacant and blighted buildings and historic structures, rehabilitation and development of vacant properties, and development of permanent place-based infrastructure associated with social zones and traditional downtowns, outdoor dining, and place-based public spaces.

Sec. 307. Department of Labor and Economic Opportunity. States the intent of the Legislature to un-appropriate and reappropriate these funds within 45 days to create an affordable housing tax credit gap financing program for the purpose of reducing the housing cost burden and increasing the supply of, and preserving existing, affordable housing.

Sec. 308. Department of Labor and Economic Opportunity. Sets thresholds for two Michigan infrastructure grant projects.

Sec. 309. Department of Labor and Economic Opportunity. Requires the execution of grant agreements.

Sec. 310. Department of Labor and Economic Opportunity. Requires funds appropriated for SOAR be deposited into the SOAR fund.

Sec. 311. Department of Labor and Economic Opportunity. Increases State restricted contingency fund authorization by \$150.0 million to reflect the SOAR deposit.

Sec. 312. Department of Labor and Economic Opportunity. Stipulates that funds appropriated in Part 1 for the Upper Peninsula economic development project be awarded to an entity meeting the specified criteria.

Sec. 313. Department of Labor and Economic Opportunity. Allows the Department to use up to 2.5% of any ARP funds to support administrative costs and to hire a sufficient number of limited-term employees for administrative oversight and implementation of ARP-funded programs, if a specific section doesn't already provide administrative funds.

Sec. 401. Legislature. States intent language that the appropriation in Part 1 for the ICRC be used to pay for additional legal costs and be consistent with the ICRC's dormancy plan.

Sec. 501. State Police. Requires funds appropriated for in-service training to be deposited into the Law Enforcement Officers Training Fund and be used to support the implementation of required annual in-service training standards.

Sec. 502. State Police. Allows the Michigan Commission on Law Enforcement Standards to increase capacity by 7.0 full-time equated positions to support development and implementation of in-service training standards and requirements.

Sec. 601. Treasury. Creates the water shutoff prevention fund in Treasury. Funds would be required to be appropriated or transferred before being spent. Funds remaining at the end of the fiscal year would not revert to the General Fund.

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. 1203. General. Directs that funds appropriated from the Federal government be spent according to Federal rules and regulations.

Sec. 1204. 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. 1205. 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. 1301. Department of Labor and Economic Opportunity. Requires that \$50.0 million from the ARP – Missing Middle Gap Program be used by the State Land Bank Authority to establish a Missing Middle Housing Gap Program. Specifies that the program must increase the supply of housing stock by providing cost defrayment to developers who develop properties targeted to households that meet the definition of "missing middle household" as determined by the Authority, provided that definition complies with rules and regulations established under the Federal American Rescue Plan. Requires at least 30% of the dollar amount of the awards to be allocated to projects in rural communities and that not more than 15% of awards be allocated to any single city, village, or township. Establishes additional program guidelines. Establishes appropriation as a work project. ***This section would replace existing program boilerplate as established under Public Act 53 of 2022.***

Sec. 1401. State Police. Establishes appropriation for Federal ineligible expenses as a work project.

Sec. 1501. Repealer. Repeals Missing Middle Gap Program boilerplate as established under Public Act 53 of 2022.

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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.