

State Notes

TOPICS OF LEGISLATIVE INTEREST

Summer 2017



Overview of State Appropriations for the Flint Drinking Water Emergency-Update **By Ellen Jeffries, Director**

Background

The State of Michigan's Emergency Management Act (Public Act 390 of 1976) allows the Governor, by executive order or proclamation, to declare a state of emergency if the Governor determines that an emergency has occurred or that the threat of an emergency exists. On January 5, 2016, Governor Snyder issued a proclamation that a state of emergency existed in the County of Genesee and the City of Flint due to *"the damaged water infrastructure and leaching of lead into the city's water [that] caused damage to public and private water infrastructure, and has either caused or threatened to cause elevated blood lead levels, especially in the population of children and pregnant women, and [is] causing a potential immediate threat to public health and safety . . ."* (italics added).

The Emergency Management Act allows a Governor's declaration of a state of emergency to be in effect for 28 days. After 28 days, if a Governor wishes to extend the state of emergency, he or she must request an extension for a specific number of days, and such a request must be approved by a resolution of both houses of the Legislature. On January 28, 2016, the Senate and the House adopted Senate Concurrent Resolution (SCR) 23 to extend the state of emergency in Genesee County and the City of Flint through April 14, 2016, and on April 13, 2016, the Senate and the House adopted SCR 28 to further extend the state of emergency through August 14, 2016.

A Summer 2016 Senate Fiscal Agency *State Notes* article outlined the State appropriations enacted for fiscal year (FY) 2015-16 and FY 2016-17, in response to the Flint drinking water emergency situation. This update provides a summary of Flint drinking water emergency appropriations enacted since then.

Summary of State Appropriations for the Flint Drinking Water Emergency

Table 1 summarizes the estimated cumulative State appropriations enacted for the Flint drinking water declaration of emergency. As the table indicates, there have been nine public acts that provided State appropriations for the Flint water emergency, totaling Gross appropriations of \$211.8 million for FY 2015-16, \$185.0 million for FY 2016-17, and \$80.7 million for FY 2017-18, with a cumulative Gross appropriation of \$477.5 million and \$246.0 million State General Fund/General Purpose (GF/GP).



Table 1

Summary of Estimated Cumulative State Appropriations for Flint Drinking Water Emergency		
Public Act	Gross Appropriation	GF/GP Appropriation
FY 2015-16:		
Public Act 143 of 2015.....	\$9,350,000	\$7,150,000
Public Act 3 of 2016.....	28,028,500	22,631,500
Public Act 24 of 2016.....	30,000,000	30,000,000
Public Act 249 of 2016 (Article I-School Aid, Section 11o)	9,200,000	9,200,000
Public Act 268 of 2016 (Article XX-Medicaid Waiver)	20,862,600	4,470,700
Public Act 268 of 2016 (Article XXI)	114,320,000	87,320,000
Public Act 340 of 2016 (\$977,000 appropriation from Reserve Fund)	0	0
FY 2015-16 Total Appropriations	\$211,761,100	\$160,772,200
FY 2016-17:		
Public Act 249 of 2016 (Annual Education Omnibus)	\$10,142,500	\$10,142,500
Public Act 268 of 2016 (Annual General Omnibus)	64,540,500	23,592,300
Public Act 340 of 2016 (Appropriation to Reserve Fund)	10,000,000	10,000,000
Public Act 340 of 2016 (\$1.5 million appropriation from Reserve Fund)	335,600	0
Public Act 33 of 2017 (Federal funds appropriation)	100,000,000	0
Public Act 107 of 2017 (\$12.1 million appropriation from Reserve Fund)	0	0
Legislative Transfers (\$5.2 million transfer from Reserve Fund)	0	0
FY 2016-17 Total Appropriations	\$185,018,600	\$43,734,800
FY 2017-18:		
Public Act 107 of 2017 (Annual General Omnibus)	\$71,994,100	\$32,778,100
Public Act 108 of 2017 (Annual Education Omnibus)	8,730,000	8,730,000
FY 2017-18 Total Appropriations	\$80,724,100	\$41,508,100
Estimated Cumulative Water Emergency State Appropriations	\$477,503,800	\$246,015,100

Table 5 (at the end of this article) lists the FY 2015-16, FY 2016-17, and FY 2017-18 enacted State appropriations for the Flint drinking water emergency by department or budget area. Of the \$477.5 million three-year cumulative Gross appropriation, the largest amount, \$157.8 million, is in the Department of Environmental Quality, followed closely by the \$142.8 million in the Department of Health and Human Services. It should be noted that the cumulative \$10.0 million appropriation for the Department of State Police does not include expenditures from the Disaster and Emergency Contingency Fund, since those dollars were not appropriated specifically for the Flint drinking water emergency. Please see the SFA's Summer 2016 *State Notes* article on the Flint water emergency for a summary of the appropriations included in Public Act 143 of 2015, and Public Acts 3, 24, 249, and 268 of 2016.

Details of Recent State Appropriations for the Flint Drinking Water Emergency

Public Act 340 of 2016

This FY 2015-16 and FY 2016-17 supplemental appropriations act provided FY 2015-16 Gross appropriations of \$1.3 million for the Departments of Environmental Quality (\$817,000) and Military and Veterans Affairs (\$500,000); and FY 2016-17 Gross appropriations of \$11.8 million for the Departments of Environmental Quality (\$1.8 million) and Technology, Management, and Budget (\$10.0 million). Table 2 provides details of the appropriations in the act.



Table 2

Public Act 340 of 2016: FY 2015-16 and FY 2016-17 Flint Supplemental Appropriations				
Department/Program	Gross	Federal	Reserve Fund	GF/GP
FY 2015-16				
Environmental Quality				
Water distribution system optimization study	\$817,000	\$0	\$477,000	\$340,000
Licensing and Regulatory Affairs				
Redirection of unspent Flint dollars to DEQ.....	(340,000)	0	0	(340,000)
Military and Veterans Affairs				
Expansion of National Guard Flint deployment.....	500,000	0	500,000	0
Total FY 2015-16 Appropriations	\$977,000	\$0	\$977,000	\$0
FY 2016-17				
Environmental Quality				
Flint water plant analysis, technical assistance, training	\$1,800,000	\$335,600	\$1,464,400	\$0
Technology, Management, and Budget				
Drinking Water Declaration of Emergency Reserve Fund	10,000,000	0	0	10,000,000
Total FY 2016-17 Appropriations	\$11,800,000	\$335,600	\$1,464,400	\$10,000,000

Public Act 33 of 2017

This FY 2016-17 supplemental act included \$100.0 million of federally-funded appropriations in the Department of Environmental Quality (DEQ) for the Flint water emergency, as a part of the Water Infrastructure Improvements for the Nation (WIIN) Act. The City of Flint identified four project categories for which funding would be used: service line replacement (\$40.0 million); distribution system and transmission main improvements (\$10.0 million); meter replacement (\$10.0 million); and water treatment plant improvements (\$58.5 million). A set-aside of \$1.5 million for local assistance and capacity development brought the total for all Flint WIIN projects to \$120.0 million, which included \$20.0 million of State match funding that was appropriated previously to the DEQ in Public Act 268 of 2016.

Public Act 107 of 2017

Public Act 107 of 2017 is the FY 2017-18 General Omnibus annual appropriation act for all budgets other than those in the Education Omnibus act, and also includes FY 2016-17 supplemental appropriations in Article XX. The \$12.1 million of FY 2016-17 Flint supplemental Gross appropriations in Article XX are for four State departments: Environmental Quality (\$3.3 million); State Police (\$3.9 million); Technology, Management, and Budget (\$500,000); and Treasury (\$4.4 million). All of these FY 2016-17 supplemental appropriations are funded from the Drinking Water Declaration of Emergency Reserve Fund, which was established within the Department of Technology, Management, and Budget (DTMB) in an FY 2015-16 supplemental act (Public Act 268 of 2016, Article XXI, Section 901).

The FY 2017-18 Flint water emergency appropriations included in Public Act 107 total \$72.0 million Gross and \$32.8 million GF/GP for seven budget areas. Of the \$72.0 million Gross appropriation, \$36.6 million in the Department of Health and Human Services is financed from Federal (\$27.7 million) and Healthy Michigan Fund (\$8.9 million) revenue. The largest piece of the GF/GP appropriation is \$25.0 million in the DTMB for the Reserve Fund. [Table 3](#) outlines the Flint water emergency appropriations contained in Public Act 107 of 2017 for both fiscal years 2016-17 and 2017-18.



Table 3

Public Act 107 of 2017: FY 2016-17 and FY 2017-18 Flint Drinking Water Emergency Appropriations		
Department/Program	Gross	GF/GP
FY 2016-17		
Environmental Quality		
Genesee County back-up water treatment plant pipe costs	\$3,300,000	\$0
Total Environmental Quality	\$3,300,000	\$0
State Police		
Water, warehousing, transport, logistics	\$3,908,100	\$0
Total State Police	\$3,908,100	\$0
Technology, Management, and Budget		
Flint integrity monitoring	\$500,000	\$0
Total Technology, Management, and Budget	\$500,000	\$0
Treasury		
Flint bottled water purchases for State Police	\$4,000,000	\$0
UM-Flint costs for water emergency	400,000	0
Total Treasury	\$4,400,000	\$0
Total PA 107 of 2017 FY 2016-17 Flint Appropriations	\$12,108,100	\$0
FY 2017-18		
Agriculture and Rural Development		
Drinking water emergency reserve fund placeholder	\$100	\$0
Total Agriculture and Rural Development	\$100	\$0
Attorney General		
Legal expenses (lawsuit settlement proceeds)	\$2,600,000	\$0
Total Attorney General	\$2,600,000	\$0
Education		
Drinking water emergency reserve fund placeholder	\$100	\$0
Total Education	\$100	\$0
Environmental Quality		
Drinking water emergency reserve fund placeholder	\$100	\$0
Total Environmental Quality	\$100	\$0
Health and Human Services		
Medicaid waiver (\$24.3 million Federal)	\$30,352,500	\$6,098,100
Summer EBT and fresh produce initiative	7,830,000	0
Nutrition outreach	1,436,000	0
Water filter cartridges and filter replacements	1,000,000	1,000,000
Comprehensive lead poisoning prevention (4.0 FTEs)	709,000	0
Additional child and adolescent health center funding	650,000	0
Nurse family partnership	500,000	0
Flint double-up food bucks funding	380,000	380,000
Children's health access program (CHAP)	375,000	0
Breastfeeding support initiative	300,000	0
Flint local health department food safety inspectors	300,000	300,000
Parents as teachers	259,500	0
Lead abatement contractor infrastructure/workforce dev.	180,000	0
Toxicology support for drinking water response (0.5 FTE)	122,100	0
Drinking water emergency reserve fund placeholder	100	0
Total Health and Human Services	\$44,394,200	\$7,778,100
Licensing and Regulatory Affairs		
Drinking water emergency reserve fund placeholder	\$100	\$0
Total Licensing and Regulatory Affairs	\$100	\$0
Technology, Management, and Budget		
Drinking water declaration of emergency reserve fund	\$25,000,000	\$25,000,000
Total Technology, Management, and Budget	\$25,000,000	\$25,000,000
Total PA 107 of 2017 FY 2017-18 Flint Appropriations	\$71,994,600	\$32,778,100
Note: The \$100 drinking water declaration of emergency reserve fund placeholders will allow contingency fund transfers during FY 2017-18.		



Public Act 108 of 2017

Public Act 108 of 2017 is the Education Omnibus annual appropriation act for FY 2017-18 and includes appropriations for Community Colleges, Higher Education, and School Aid (K-12). The act does not include any Flint water emergency supplemental appropriations for FY 2016-17. The FY 2017-18 annual K-12 budget includes \$8,730,100 of Gross appropriations (all GF/GP funding except for a \$100 Reserve Fund placeholder) for the Flint drinking water emergency. The FY 2017-18 Flint K-12 appropriations are outlined in Table 4.

Table 4

Public Act 108 of 2017: FY 2017-18 Flint Drinking Water Emergency Appropriations			
Budget Area/Program	Gross	Reserve Fund	GF/GP
School Aid (K-12)			
Great Start Readiness Program.....	\$3,000,000	\$0	\$3,000,000
School nurses and social workers	2,625,000	0	2,625,000
Genesee ISD staff and early childhood/nutritional services	2,500,000	0	2,500,000
Summer nutrition programs	605,000	0	605,000
Drinking water emergency reserve fund placeholder	100	100	0
Total PA 108 of 2017 Flint Appropriations	\$8,730,100	\$100	\$8,730,000

FY 2016-17 Legislative Transfers

Public Act 268 of 2016 (Article XXI, Section 901) created the Drinking Water Declaration of Emergency Reserve Fund and specified that funds may be spent only upon appropriation, or through the legislative transfer process. During FY 2016-17 so far, there have been four legislative transfer requests (included in State Budget Office request letters 2017-1 and 2017-5) approved by the House and Senate Appropriations Committees, which have transferred \$5.2 million from the Drinking Water Declaration of Emergency Reserve Fund to two State budget areas. Two transfers totaling \$2.5 million were approved in the School Aid budget: \$1.3 million for Flint Community Schools' nurses and social workers and \$1.2 million for Genesee ISD staff for early intervention and nutritional services. Two transfers totaling \$2.7 million were approved for the Department of Treasury: \$2.4 million for bottled water purchases for the Department of State Police and \$300,000 for integrity oversight monitoring of Flint water emergency expenditures.

Conclusion

The estimated cumulative three-year total Gross State appropriation for the Flint drinking water emergency is \$477.5 million, which includes \$246.0 million of State GF/GP appropriations. The appropriations are allocated among numerous State departments and budget areas, as outlined in Table 5. Table 6 provides a summary of Drinking Water Declaration of Emergency Reserve Fund withdrawals that result in a current Reserve Fund balance of \$34.2 million. The State Budget Office has developed a separate report (updated monthly) that provides State expenditure and activity tracking for the Flint drinking water emergency. The report can be found on the following website, www.michigan.gov/flintwater, at the link marked "Expenditure Tracking" on the top navigation bar of the website.

The Senate Fiscal Agency will continue to provide periodic updates on State appropriations for the Flint drinking water emergency.



Table 5

Flint Drinking Water Declaration of Emergency Summary of Gross and GF/GP State Appropriations FY 2015-16 Final, FY 2016-17 Year-To-Date, and FY 2017-18 Initial Appropriations								
Department/Budget Area	FY 2015-16 Year-to-Date		FY 2016-17 Year-to-Date		FY 2017-18 Initial Approps		Cumulative Approps	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture & Rural Development	\$0	\$0	\$0	\$0	\$100	\$0	\$100	\$0
Attorney General	1,300,000	0	5,600,000	3,000,000	2,600,000	0	9,500,000	3,000,000
Education	28,285,000	8,685,000	8,050,100	0	100	0	36,335,200	8,685,000
Environmental Quality	47,253,500	45,776,500	110,500,100	5,400,000	100	0	157,753,700	51,176,500
Health & Human Services (HHS)	32,097,000	19,600,000	15,138,100	9,094,200	14,041,700	1,680,000	61,276,800	30,374,200
HHS: Medicaid Waiver	20,862,600	4,470,700	30,352,500	6,098,100	30,352,500	6,098,100	81,567,600	16,666,900
Licensing & Regulatory Affairs	1,860,000	1,660,000	0	0	100	0	1,860,100	1,660,000
Military & Veterans Affairs	2,500,000	2,000,000	0	0	0	0	2,500,000	2,000,000
Natural Resources	250,000	250,000	0	0	0	0	250,000	250,000
School Aid	9,200,000	9,200,000	12,630,100	10,142,500	8,730,100	8,730,000	30,560,200	28,072,500
State Police	6,100,000	6,100,000	3,908,100	0	0	0	10,008,100	6,100,000
Tech, Man, Budget Reserve Fund	18,900,000	18,900,000	10,000,000	10,000,000	25,000,000	25,000,000	53,900,000	53,900,000
Reserve Fund Withdrawals	(977,000)	0	(18,760,500)	0	(600)	0	(19,738,100)	0
Tech, Man, Budget	0	0	500,000	0	0	0	500,000	0
Treasury	44,130,000	44,130,000	7,100,100	0	0	0	51,230,100	44,130,000
Total	\$211,761,100	\$160,772,200	\$185,018,600	\$43,734,800	\$80,724,100	\$41,508,100	\$477,503,800	\$246,015,100
							Gross	GF/GP
Cumulative State Appropriations =							\$477,503,800	\$246,015,100
Total Reserve Fund Appropriations							\$53,900,000	\$53,900,000
Total Reserve Fund Withdrawals							(\$19,738,100)	
Reserve Fund Balance							\$34,161,900	



Table 6

**Flint Drinking Water Declaration of Emergency
 Summary of Emergency Reserve Fund Withdrawals
 FY 2015-16 Final, FY 2016-17 Year-To-Date, and FY 2017-18 Initial Appropriations**

Budget Area/Program/Authorization	FY 2015-16 Final Year-to-Date	FY 2016-17 Year-to-Date	FY 2017-18 Initial Approps
Agriculture and Rural Development			
Placeholder (PA 107 of 2017, Article I).....	\$0	\$0	\$100
Education			
Placeholder (PA 268 of 2016, Article VI; PA 107 of 2017, Article VI).....	0	100	100
Environmental Quality			
Placeholder (PA 268 of 2016, Article VII; PA 107 of 2017, Article VII).....	0	100	100
Water distribution system optimization study (PA 340 of 2016)	477,000	0	0
Flint water plant technical assistance/training (PA 340 of 2016)	0	1,464,400	0
Genesee County back-up water plant pipe costs (PA 107 of 2017, Article XX).....	0	3,300,000	0
Health and Human Services			
Placeholder (PA 268 of 2016, Article X, PA 107 of 2017, Article X)	0	100	100
Licensing and Regulatory Affairs			
Placeholder (PA 107 of 2017, Article XIII)	0	0	100
Military and Veterans Affairs			
Support for National Guard deployment (PA 340 of 2016).....	500,000	0	0
Technology, Management, and Budget			
Integrity monitor (PA 107 of 2017, Article XX)	0	500,000	0
Treasury			
Integrity oversight monitor (Leg. transfer request 2017-1)	0	300,000	0
Placeholder (PA 268 of 2016, Article VIII)	0	100	0
Bottled water purchases by State Police (Leg. transfer request 2017-5).....	0	2,400,000	0
Bottled water purchases by State Police (PA 107 of 2017, Article XX).....	0	4,000,000	0
UM-Flint costs for water emergency (PA 107 of 2017, Article XX).....	0	400,000	0
School Aid			
Placeholder (PA 249 of 2016, Article I; PA 108 of 2017, Article I)	0	100	100
Flint community schools: nurses/social workers (Leg. transfer request 2017-5).....	0	1,292,500	0
Genesee ISD: literacy/nutritional services (Leg. transfer request 2017-5).....	0	1,195,000	0
State Police			
Funds for water, warehousing, transport, logistics (PA 107 of 2017, Article XX).....	0	3,908,100	0
Total Flint Drinking Water Emergency Reserve Fund Withdrawals	\$977,000	\$18,760,500	\$600
Cumulative Reserve Fund Appropriations.....			\$53,900,000
Cumulative Reserve Fund Withdrawals			(\$19,738,100)
Reserve Fund Balance			\$34,161,900