

State Notes

TOPICS OF LEGISLATIVE INTEREST

Fall 2018



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 he or she 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. That 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 (SFA) *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. A Summer 2017 *State Notes* article reported the FY 2016-17 and FY 2017-18 year-to-date State appropriations for the Flint water emergency. 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 thirteen public acts that have provided State appropriations for the Flint water emergency, totaling Gross appropriations of \$211.8 million for FY 2015-16, \$208.5 million for FY 2016-17, \$98.7 million for FY 2017-18, and \$40.8 million for FY 2018-19, with a cumulative Gross appropriation of \$559.8 million and \$277.6 million State General Fund/General Purpose (GF/GP).

Table 4 (at the end of this article) lists the FY 2015-16, FY 2016-17, FY 2017-18, and FY 2018-19 enacted State appropriations for the Flint drinking water emergency by department or budget area. Of the \$559.8 million four-year cumulative Gross appropriation, the largest amount, \$208.8 million (which includes the cumulative Medicaid waiver amount of \$111.9 million), is in the



Department of Health and Human Services, followed closely by the \$180.0 million in the Department of Environmental Quality. 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 that money was 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; and the SFA's Summer 2017 *State Notes* article for a summary of the appropriations included in Public Act 340 of 2016, and Public Acts 33, 107, and 108 of 2017.

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)	95,420,000	68,420,000
Public Act 268 of 2016 (Article XXI-Appropriation to Reserve Fund)	18,900,000	18,900,000
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 from Reserve Fund+\$23.8 million Fed.)	23,805,600	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 2017-1,5,and 7 (\$12.5 million from Reserve Fund)	0	0
FY 2016-17 Total Appropriations	\$208,488,600	\$43,734,800
FY 2017-18:		
Public Act 107 of 2017 (Annual General Omnibus)	\$46,394,100	\$7,778,100
Public Act 107 of 2017 (General Omnibus-Appropriation to Reserve Fund)	25,000,000	25,000,000
Public Act 108 of 2017 (Annual Education Omnibus)	8,730,000	8,730,000
Public Act 158 of 2017 (Attorney General-Lawsuit Settlement Fund)	600,000	0
Public Act 201 of 2017 (\$100 Treasury Placeholder from Reserve Fund)	0	0
Public Act 207 of 2018 (General Omnibus-Article XX;\$2 million from Reserve Fund)	18,000,000	18,000,000
Legislative Transfers 2018-1,3, and 8 (\$19.2 million from Reserve Fund)	0	0
FY 2017-18 Total Appropriations	\$98,724,100	\$59,508,100
FY 2018-19:		
Public Act 207 of 2018 (Annual General Omnibus)	\$37,573,500	\$10,342,500
Public Act 265 of 2018 (Annual Education Omnibus)	3,230,000	3,230,000
FY 2018-19 Total Appropriations	\$40,803,500	\$13,572,500
Estimated Cumulative Water Emergency State Appropriations	\$559,777,300	\$277,587,600



Details of Recent State Appropriations for the Flint Drinking Water Emergency

Public Act 158 of 2017

This FY 2016-17 and FY 2017-18 supplemental appropriations act provided FY 2017-18 Gross appropriations of \$600,000 for the Department of Attorney General for legal costs associated with the Flint water emergency. This supplemental appropriation, when combined with an initial \$2.0 million appropriation, provided an FY 2017-18 total appropriation of \$2.6 million in the Attorney General's budget for Flint legal costs, all financed from the lawsuit settlement proceeds fund. No explicit State appropriations have been made for legal defense costs for State employees being investigated as part of the Flint water emergency but those costs are funded in their respective departments' budgets.

Public Act 201 of 2017

In addition to \$52.9 million of Gross FY 2017-18 supplemental appropriations for various non-Flint budget items, Public Act 201 included a \$100 placeholder in the FY 2017-18 Department of Treasury budget for the Drinking Water Emergency Reserve Fund. This placeholder appropriation provides the mechanism for drinking water emergency contingency fund transfers to occur during the fiscal year, if they are approved by the both the House and Senate Appropriations Committees.

Public Act 207 of 2018: FY 2017-18 Supplemental Appropriations

Public Act 207 of 2018 is the FY 2018-19 General Omnibus annual appropriation act for all budgets other than those in the Education Omnibus act, and also includes FY 2017-18 supplemental appropriations in Article XX. The \$20.05 million of FY 2017-18 Flint supplemental Gross appropriations in Article XX are for two State departments: Environmental Quality (\$20.0 million) and Treasury (\$50,000). These FY 2017-18 supplemental appropriations are funded from State GF/GP revenue of \$18.0 million, and \$2.05 million from the Drinking Water Declaration of Emergency Reserve Fund, which was established within the Department of Technology, Management, and Budget in an FY 2015-16 supplemental act (Public Act 268 of 2016, Article XXI, Section 901). Table 2 summarizes these FY 2017-18 supplemental appropriations.

Table 2

Public Act 207 of 2018, Article XX: FY 2017-18 Flint Supplemental Appropriations				
Department/Program	Gross	Federal	Reserve Fund	GF/GP
FY 2017-18				
Environmental Quality				
Flint service line replacement	\$20,000,000	\$0	\$2,000,000	\$18,000,000
Treasury				
Genesee County register of deeds water service line records..	50,000	0	50,000	0
Total FY 2017-18 Appropriations	\$20,050,000	\$0	\$2,050,000	\$18,000,000

FY 2017-18 Legislative Transfers

Public Act 268 of 2016 (Article XXI, Section 901) created the Drinking Water Declaration of Emergency Reserve Fund and specifies that money in the Fund may be spent only upon appropriation, or through the legislative transfer process. During FY 2017-18 so far, there have been five legislative contingency transfer requests (included in State Budget Office request letters 2018-1, 2018-3, and 2018-8) approved by the House and Senate Appropriations Committees, which have transferred \$19.2 million from the Drinking Water Declaration of Emergency Reserve Fund to three State budget areas. Two transfers totaling \$9.5 million were approved in the Department of Treasury budget: \$9.0 million for Flint water service line replacements and \$500,000 for integrity oversight monitoring of Flint water emergency expenditures. One transfer totaling \$7.5 million was approved for the Department of Health and Human Services to support the Flint Community Outreach and Education (CORE) and Points of Distribution (PODS) programs. Two transfers totaling \$2.2 million for the Department of Environmental Quality provided \$1.5 million for Flint residential water testing and \$700,000 for integrity oversight monitoring of Flint water emergency expenditures. The cumulative total amount appropriated directly for integrity oversight monitoring since FY 2016-17 is \$2.0 million.

Public Acts 207 and 265 of 2018: FY 2018-19 Initial Appropriations

The FY 2018-19 Flint water emergency appropriations included in Public Act 207 of 2018 (General Omnibus initial appropriations) total \$37.6 million Gross and \$10.3 million GF/GP for seven budget areas. Of the \$37.6 million Gross appropriation, \$35.0 million is appropriated in the Department of Health and Human Services, and is financed from Federal funds (\$24.3 million), the Healthy Michigan Fund (\$376,600), and GF/GP (\$10.3 million). The largest piece of the GF/GP appropriation is \$6.1 million to account for the State GF/GP match for the Flint Medicaid waiver.

Public Act 265 of 2018 is the FY 2018-19 Education Omnibus annual appropriation act, and includes funding for Community Colleges, Universities, and K-12 schools. There are FY 2018-19 Flint water emergency appropriations for K-12 of \$3.2 million, all GF/GP, and a \$100 Reserve Fund placeholder. [Table 3](#) outlines the FY 2018-19 Flint water emergency appropriations contained in Public Acts 207 of 2018 and 265 of 2018.

Conclusion

The estimated cumulative four-year total Gross State appropriation for the Flint drinking water emergency is \$559.8 million, which includes \$277.6 million of State GF/GP appropriations. The appropriations are allocated among numerous State departments and budget areas, as outlined in [Table 4](#). [Table 5](#) provides a summary of Drinking Water Declaration of Emergency Reserve Fund withdrawals that result in a current Reserve Fund balance of \$5.6 million. The State Budget Office has developed a separate report (updated quarterly) 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 3

PUBLIC ACTS 207 AND 265 OF 2018: FY 2018-19 FLINT DRINKING WATER EMERGENCY INITIAL APPROPRIATIONS					
Department/Program	Gross	Federal	Reserve Fund	Other State Restricted	GF/GP
Attorney General					
Legal costs (Lawsuit settlement fund).....	\$2,600,000	\$0	\$0	\$2,600,000	\$0
Total Attorney General	\$2,600,000	\$0	\$0	\$2,600,000	\$0
Education					
Drinking water emergency reserve fund placeholder.....	\$100	\$0	\$100	\$0	\$0
Total Education.....	\$100	\$0	\$100	\$0	\$0
Environmental Quality					
Drinking water emergency reserve fund placeholder.....	\$100	\$0	\$100	\$0	\$0
Total Environmental Quality	\$100	\$0	\$100	\$0	\$0
Health and Human Services					
Medicaid waiver.....	\$30,352,500	\$24,254,400	\$0	\$0	\$6,098,100
Lead abatement activities (\$376,600 Healthy Michigan Fund).....	1,500,000	0	0	376,600	1,123,400
Comprehensive lead poisoning prevention.....	709,000	0	0	0	709,000
Additional child and adolescent health center funding.....	650,000	0	0	0	650,000
Nurse family partnership.....	500,000	0	0	0	500,000
Children's health access program (\$100 reserve fund placeholder).....	375,100	0	100	0	375,000
Flint double-up food bucks.....	300,000	0	0	0	300,000
Parents as teachers.....	260,000	0	0	0	260,000
Michigan child collaborative care program.....	200,000	0	0	0	200,000
Toxicology support for drinking water response	127,000	0	0	0	127,000
Total Health and Human Services	\$34,973,600	\$24,254,400	\$100	\$376,600	\$10,342,500
School Aid					
School nurses, classroom aides, and school social workers	\$2,625,000	\$0	\$0	\$0	\$2,625,000
Nutritional services	605,000	0	0	0	605,000
Drinking water emergency reserve fund placeholder.....	100	0	100	0	0
Total School Aid	\$3,230,100	\$0	\$100	\$0	\$3,230,000
Talent and Economic Development					
Drinking water emergency reserve fund placeholder.....	\$100	\$0	\$100	\$0	\$0
Total Talent and Economic Development.....	\$100	\$0	\$100	\$0	\$0
Technology, Management, and Budget					
Drinking water emergency reserve fund placeholder.....	\$100	\$0	\$100	\$0	\$0
Drinking water emergency reserve fund withdrawal	(700)	0	(700)	0	0
Total Technology, Management, and Budget.....	(\$600)	\$0	(\$600)	\$0	\$0
Treasury					
Drinking water emergency reserve fund placeholder.....	\$100	\$0	\$100	\$0	\$0
Total Treasury	\$100	\$0	\$100	\$0	\$0
Total FY 2018-19 Initial Appropriations.....	\$40,803,500	\$24,254,400	\$0	\$2,976,600	\$13,572,500

Note: The \$100 drinking water declaration of emergency reserve fund placeholders will allow contingency fund transfers during FY 2018-19.



Table 4

Flint Drinking Water Declaration of Emergency
Summary of Estimated Gross and GF/GP State Appropriations
FY 2015-16 Final, FY 2016-17 Final, and FY 2017-18 Year-to-Date, and FY 2018-19 Initial Appropriations

Department/Budget Area	FY 2015-16 Final		FY 2016-17 Final		FY 2017-18 Year-to-Date		FY 2018-19 Initial		Cumulative Approps		
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP	
Agriculture & Rural Development	\$0	\$0	\$0	\$0	\$100	\$0	\$0	\$0	\$100	\$0	
Attorney General	1,300,000	0	5,600,000	3,000,000	2,600,000	0	2,600,000	0	12,100,000	3,000,000	
Education	28,285,000	8,685,000	8,050,100	0	100	0	100	0	36,335,300	8,685,000	
Environmental Quality	47,253,500	45,776,500	110,500,100	5,400,000	22,200,100	18,000,000	100	0	179,953,800	69,176,500	
Health & Human Services (HHS)	32,097,000	19,600,000	38,608,100	9,094,200	21,541,700	1,680,000	4,621,100	4,244,400	96,867,900	34,618,600	
HHS: Medicaid Waiver	20,862,600	4,470,700	30,352,500	6,098,100	30,352,500	6,098,100	30,352,500	6,098,100	111,920,100	22,765,000	
Licensing & Regulatory Affairs	1,860,000	1,660,000	0	0	100	0	0	0	1,860,100	1,660,000	
Military & Veterans Affairs	2,500,000	2,000,000	0	0	0	0	0	0	2,500,000	2,000,000	
Natural Resources	250,000	250,000	0	0	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	3,230,100	3,230,000	33,790,300	31,302,500	
State Police	6,100,000	6,100,000	3,908,100	0	0	0	0	0	10,008,100	6,100,000	
Talent & Economic Development	0	0	0	0	0	0	100	0	100	0	
Tech, Man, Budget Reserve Fund	18,900,000	18,900,000	10,000,000	10,000,000	25,000,000	25,000,000	0	0	53,900,000	53,900,000	
Reserve Fund Withdrawals	(977,000)	0	(26,060,500)	0	(21,250,700)	0	(700)	0	(48,288,900)	0	
Tech, Man, Budget	0	0	500,000	0	0	0	100	0	500,100	0	
Treasury	44,130,000	44,130,000	14,400,100	0	9,550,100	0	100	0	68,080,300	44,130,000	
Total	\$211,761,100	\$160,772,200	\$208,488,600	\$43,734,800	\$98,724,100	\$59,508,100	\$40,803,500	\$13,572,500	\$559,777,300	\$277,587,600	
									Gross	GF/GP	
									Cumulative State Appropriations =	\$559,777,300	\$277,587,600
									Total Reserve Fund Appropriations	\$53,900,000	\$53,900,000
									Total Reserve Fund Withdrawals	<u>(\$48,288,900)</u>	
									Reserve Fund Balance	\$5,611,100	

State Notes
TOPICS OF LEGISLATIVE INTEREST
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Table 5

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 Year-to-Date	FY 2016-17 Year-to-Date	FY 2017-18 Year-to-Date	FY 2018-19 Initial
Agriculture and Rural Development				
Placeholder (PA 107 of 2017, Article I)	\$0	\$0	\$100	\$0
Education				
Placeholder (PA 268 of 2016, PA 107 of 2017, and PA 207 of 2018: Article VI).....	0	100	100	100
Environmental Quality				
Placeholder (PA 268 of 2016, PA 107 of 2017, PA 207 of 2018: Article VII).....	0	100	100	100
Water distribution system optimization study (PA 340 of 2016)	477,000	0	0	0
Flint water plant technical assistance/training (PA 340 of 2016)	0	1,464,400	0	0
Genesee County back-up water plant pipe costs (PA 107 of 2017, Article XX)	0	3,300,000	0	0
Residential water testing (Leg. transfer request 2018-1).....	0	0	1,500,000	0
Integrity oversight monitoring (Leg. transfer request 2018-1).....	0	0	700,000	0
Service line replacements (PA 207 of 2018, Article XX)	0	0	2,000,000	0
Health and Human Services				
Placeholder (PA 268 of 2016, PA 107 of 2017, PA 207 of 2018: Article X).....	0	100	100	100
Michigan Works!/Flint CORE training programs (Leg. transfer request 2018-1)	0	0	7,500,000	0
Licensing and Regulatory Affairs				
Placeholder (PA 107 of 2017, Article XIII).....	0	0	100	0
Military and Veterans Affairs				
Support for National Guard deployment (PA 340 of 2016).....	500,000	0	0	0
School Aid				
Placeholder (PA 249 of 2016, PA 108 of 2017, PA 265 of 2018: Article I)	0	100	100	100
Flint community schools: nurses/social workers (Leg. transfer request 2017-5)	0	1,292,500	0	0
Genesee ISD: literacy/nutritional services (Leg. transfer request 2017-5)	0	1,195,000	0	0
State Police				
Funds for water, warehousing, transport, logistics (PA 107 of 2017, Article XX)	0	3,908,100	0	0
Integrity oversight monitoring (PA 107 of 2017, Article XX)	0	500,000	0	0
Talent and Economic Development				
Placeholder (PA 207 of 2018, Article VIII).....	0	0	0	100
Technology, Management, and Budget				
Placeholder (PA 207 of 2018, Article VIII).....	0	0	0	100
Treasury				
Placeholder (PA 268 of 2016, Article VIII; PA 201 of 2017; PA 207 of 2018, Article VIII)	0	100	100	100
Bottled water purchases/distribution/warehousing (PA 107 of 2017, Article XX)	0	4,000,000	0	0
UM-Flint costs for water emergency (PA 107 of 2017, Article XX).....	0	400,000	0	0
Integrity oversight monitoring (Leg. transfer requests 2017-1 and 2018-8).....	0	300,000	500,000	0
Bottled water purchases/distribution/warehousing (Leg. transfer request 2017-5).....	0	2,400,000	0	0
Bottled water purchases/distribution/warehousing (Leg. transfer request 2017-7).....	0	7,300,000	0	0
Service line replacements (Leg. transfer request 2018-3).....	0	0	9,000,000	0
Genesee County register of deeds water line records (PA 207 of 2018, Article XX).....	0	0	50,000	0
Total Flint Drinking Water Emergency Reserve Fund Withdrawals	\$977,000	\$26,060,500	\$21,250,700	\$700
Cumulative Reserve Fund Appropriations				\$53,900,000
Cumulative Reserve Fund Withdrawals				(\$48,288,900)
Reserve Fund Balance				\$5,611,100