

**SUBSTITUTE FOR
SENATE BILL NO. 253**

A bill to make, supplement, and adjust appropriations for various state departments and agencies and school aid purposes for the fiscal years ending September 30, 2017 and September 30, 2018; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS
FOR FISCAL YEAR 2017-2018

Sec. 101. There is appropriated for various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2018, from the following funds:

APPROPRIATION SUMMARY

1	GROSS APPROPRIATION.....	\$	8,756,300
2	Total interdepartmental grants and intradepartmental		
3	transfers		0
4	ADJUSTED GROSS APPROPRIATION.....	\$	8,756,300
5	Total federal revenues.....		0
6	Total local revenues.....		0
7	Total private revenues.....		0
8	Total other state restricted revenues.....		0
9	State general fund/general purpose.....	\$	8,756,300
10	Sec. 102. DEPARTMENT OF AGRICULTURE AND RURAL		
11	DEVELOPMENT		
12	(1) APPROPRIATION SUMMARY		
13	GROSS APPROPRIATION.....	\$	250,000
14	Interdepartmental grant revenues:		
15	Total interdepartmental grants and intradepartmental		
16	transfers		0
17	ADJUSTED GROSS APPROPRIATION.....	\$	250,000
18	Federal revenues:		
19	Total federal revenues.....		0
20	Special revenue funds:		
21	Total local revenues.....		0
22	Total private revenues.....		0
23	Total other state restricted revenues.....		0
24	State general fund/general purpose.....	\$	250,000
25	(2) FOOD AND DAIRY		
26	Food safety and quality assurance.....	\$	<u>150,000</u>

1	GROSS APPROPRIATION.....	\$	150,000
2	Appropriated from:		
3	State general fund/general purpose.....	\$	150,000
4	(3) ONE-TIME APPROPRIATIONS		
5	Campground development grant.....	\$	<u>100,000</u>
6	GROSS APPROPRIATION.....	\$	100,000
7	Appropriated from:		
8	State general fund/general purpose.....	\$	100,000
9	Sec. 103. CAPITAL OUTLAY		
10	(1) APPROPRIATION SUMMARY		
11	GROSS APPROPRIATION.....	\$	100
12	Interdepartmental grant revenues:		
13	Total interdepartmental grants and intradepartmental		
14	transfers		0
15	ADJUSTED GROSS APPROPRIATION.....	\$	100
16	Federal revenues:		
17	Total federal revenues.....		0
18	Special revenue funds:		
19	Total local revenues.....		0
20	Total private revenues.....		0
21	Total other state restricted revenues.....		0
22	State general fund/general purpose.....	\$	100
23	(2) STATE BUILDING AUTHORITY FINANCED CONSTRUCTION		
24	AUTHORIZATIONS		
25	Western Michigan University - School of Aviation		
26	renovation and addition (total authorized cost		

1	\$20,000,000; state building authority share		
2	\$14,999,800; university share \$5,000,000; state		
3	general fund share \$200)	\$	<u>100</u>
4	GROSS APPROPRIATION.....	\$	100
5	Appropriated from:		
6	State general fund/general purpose	\$	100
7	Sec. 104. DEPARTMENT OF CORRECTIONS		
8	(1) APPROPRIATION SUMMARY		
9	GROSS APPROPRIATION.....	\$	0
10	Interdepartmental grant revenues:		
11	Total interdepartmental grants and intradepartmental		
12	transfers		0
13	ADJUSTED GROSS APPROPRIATION.....	\$	0
14	Federal revenues:		
15	Total federal revenues.....		0
16	Special revenue funds:		
17	Total local revenues.....		0
18	Total private revenues.....		0
19	Total other state restricted revenues.....		0
20	State general fund/general purpose	\$	0
21	(2) FIELD OPERATIONS ADMINISTRATION		
22	Criminal justice reinvestment.....	\$	(5,498,400)
23	Criminal justice reinvestment.....		<u>5,498,400</u>
24	GROSS APPROPRIATION.....	\$	0
25	Appropriated from:		
26	State general fund/general purpose	\$	0

Sec. 105. DEPARTMENT OF ENVIRONMENTAL QUALITY

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION.....	\$	1,000,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION.....	\$	1,000,000
Federal revenues:		
Total federal revenues.....		0
Special revenue funds:		
Total local revenues.....		0
Total private revenues.....		0
Total other state restricted revenues.....		0
State general fund/general purpose.....	\$	1,000,000

(2) REMEDIATION AND REDEVELOPMENT DIVISION

Contaminated site investigations, cleanup, and revitalization	\$	<u>1,000,000</u>
GROSS APPROPRIATION.....	\$	1,000,000
Appropriated from:		
State general fund/general purpose.....	\$	1,000,000

Sec. 106. DEPARTMENT OF HEALTH AND HUMAN SERVICES

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION.....	\$	1,480,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0

1	ADJUSTED GROSS APPROPRIATION.....	\$	1,480,000
2	Federal revenues:		
3	Total federal revenues.....		0
4	Special revenue funds:		
5	Total local revenues.....		0
6	Total private revenues.....		0
7	Total other state restricted revenues.....		0
8	State general fund/general purpose.....	\$	1,480,000
9	(2) COMMUNITY SERVICES AND OUTREACH		
10	School success partnership program.....	\$	<u>75,000</u>
11	GROSS APPROPRIATION.....	\$	75,000
12	Appropriated from:		
13	State general fund/general purpose.....	\$	75,000
14	(3) CHILDREN'S SERVICES AGENCY - CHILD WELFARE		
15	Youth in transition.....	\$	<u>280,000</u>
16	GROSS APPROPRIATION.....	\$	280,000
17	Appropriated from:		
18	State general fund/general purpose.....	\$	280,000
19	(4) FIELD OPERATIONS AND SUPPORT SERVICES		
20	Public assistance field staff.....	\$	<u>75,000</u>
21	GROSS APPROPRIATION.....	\$	75,000
22	Appropriated from:		
23	State general fund/general purpose.....	\$	75,000
24	(5) ONE-TIME BASIS ONLY APPROPRIATIONS		
25	Primary care and dental health services.....	\$	300,000
26	Double up food bucks.....		750,000
27	Direct primary care pilot program.....		(5,724,000)

1	Direct primary care pilot program.....		<u>5,724,000</u>
2	GROSS APPROPRIATION.....	\$	1,050,000
3	Appropriated from:		
4	State general fund/general purpose.....	\$	1,050,000
5	Sec. 107. DEPARTMENT OF NATURAL RESOURCES		
6	(1) APPROPRIATION SUMMARY		
7	GROSS APPROPRIATION.....	\$	1,026,200
8	Interdepartmental grant revenues:		
9	Total interdepartmental grants and intradepartmental		
10	transfers		0
11	ADJUSTED GROSS APPROPRIATION.....	\$	1,026,200
12	Federal revenues:		
13	Total federal revenues.....		0
14	Special revenue funds:		
15	Total local revenues.....		0
16	Total private revenues.....		0
17	Total other state restricted revenues.....		0
18	State general fund/general purpose.....	\$	1,026,200
19	(2) ONE-TIME APPROPRIATIONS		
20	Bay City State Recreation Area, playscape		
21	reconstruction	\$	400,000
22	Onaway State Park, pavilion reconstruction.....		400,000
23	Snowmobile local grants program (one-time)		<u>226,200</u>
24	GROSS APPROPRIATION.....	\$	1,026,200
25	Appropriated from:		
26	State general fund/general purpose.....	\$	1,026,200

Sec. 108. DEPARTMENT OF STATE

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION.....	\$	5,000,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION.....	\$	5,000,000
Federal revenues:		
Total federal revenues.....		0
Special revenue funds:		
Total local revenues.....		0
Total private revenues.....		0
Total other state restricted revenues.....		0
State general fund/general purpose.....	\$	5,000,000
(2) ONE-TIME BASIS ONLY APPROPRIATIONS		
Election administration and services.....	\$	<u>5,000,000</u>
GROSS APPROPRIATION.....	\$	5,000,000
Appropriated from:		
State general fund/general purpose.....	\$	5,000,000

PART 1A

LINE-ITEM APPROPRIATIONS

FOR FISCAL YEAR 2016-2017

Sec. 151. There is appropriated for the various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2017, from the following funds:

1 **APPROPRIATION SUMMARY**

2	GROSS APPROPRIATION.....	\$	6,596,100
3	Total interdepartmental grants and intradepartmental		
4	transfers		0
5	ADJUSTED GROSS APPROPRIATION.....	\$	6,596,100
6	Total federal revenues.....		2,000,000
7	Total local revenues.....		268,800
8	Total private revenues.....		0
9	Total other state restricted revenues.....		625,900
10	State general fund/general purpose.....	\$	3,701,400

11 **Sec. 152. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

12 **(1) APPROPRIATION SUMMARY**

13	GROSS APPROPRIATION.....	\$	2,268,800
14	Interdepartmental grant revenues:		
15	Total interdepartmental grants and intradepartmental		
16	transfers		0
17	ADJUSTED GROSS APPROPRIATION.....	\$	2,268,800
18	Federal revenues:		
19	Total federal revenues.....		2,000,000
20	Special revenue funds:		
21	Total local revenues.....		268,800
22	Total private revenues.....		0
23	Total other state restricted revenues.....		0
24	State general fund/general purpose.....	\$	0

25 **(2) MILITARY**

26	Michigan youth challenge academy.....	\$	268,800
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1	National Guard operations.....		<u>2,000,000</u>
2	GROSS APPROPRIATION.....	\$	2,268,800
3	Appropriated from:		
4	Federal revenues:		
5	Total federal revenue.....		2,000,000
6	Special revenue funds:		
7	Local - school aid fund.....		268,800
8	State general fund/general purpose.....	\$	0
9	Sec. 153. DEPARTMENT OF TREASURY		
10	(1) APPROPRIATION SUMMARY		
11	GROSS APPROPRIATION.....	\$	4,327,300
12	Interdepartmental grant revenues:		
13	Total interdepartmental grants and intradepartmental		
14	transfers		0
15	ADJUSTED GROSS APPROPRIATION.....	\$	4,327,300
16	Federal revenues:		
17	Total federal revenues.....		0
18	Special revenue funds:		
19	Total local revenues.....		0
20	Total private revenues.....		0
21	Total other state restricted revenues.....		625,900
22	State general fund/general purpose.....	\$	3,701,400
23	(2) INFORMATION TECHNOLOGY		
24	Treasury operations information technology services		
25	and projects	\$	<u>4,327,300</u>
26	GROSS APPROPRIATION.....	\$	4,327,300

PROVISIONS CONCERNING APPROPRIATIONS
FOR FISCAL YEAR 2017-2018

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in this appropriation act for the fiscal year ending September 30, 2018 is \$8,756,300.00 and total state spending from state resources paid to local units of government is \$0.00.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

JLB

1 education and training to the new entities that were given the
2 ability by 2016 PA 514 to fill growlers for off-premises
3 consumption under section 537 of the Michigan liquor control code
4 of 1998, 1998 PA 58, MCL 436.1537.

5 Sec. 302. From the funds appropriated in part 1 for campground
6 development grant, the department of agriculture and rural
7 development shall allocate \$100,000.00 to a county with a
8 population of greater than 130,000 people but less than 140,000
9 people according to the most recent federal decennial census. This
10 funding shall be used to aid in the acquisition and development of
11 property for a campground for visitors to an equestrian center
12 located within that county.

13 **CAPITAL OUTLAY**

14 Sec. 351. For the state building authority financed
15 construction authorization in part 1, the legislature hereby
16 determines that the lease of the facility from the authority is for
17 a public purpose as authorized by 1964 PA 183, MCL 830.411 to
18 830.425. The legislature approves and authorizes the lease and
19 conveyance of the property to the state building authority, the
20 state building authority acquiring the facility and leasing it to
21 the state and the educational institution, or state, as applicable,
22 and the governor and secretary of state executing the lease for and
23 on behalf of the state pursuant to the requirements of 1964 PA 183,
24 MCL 830.411 to 830.425. Per the requirements of the lease, it is
25 the intent of the legislature to annually appropriate sufficient
26 amounts to pay the rent as obligated pursuant to the lease.

DEPARTMENT OF CORRECTIONS

Sec. 371. (1) The funds appropriated in part 1 for criminal justice reinvestment shall be used only to fund data collection and evidence-based programs designed to reduce recidivism among probationers and parolees.

(2) Of the funds appropriated in part 1 for criminal justice reinvestment, at least \$600,000.00 shall be allocated to an organization that has received the United States Department of Labor Training to Work 2 grant to provide county jail inmates with programming and services to prepare them to get and keep jobs. Examples of eligible programs and services are, but are not limited to: adult education, tutoring, manufacturing skills training, participation in a simulated work environment, mentoring, cognitive therapy groups, life skills classes, substance abuse recovery groups, fatherhood programs, classes in understanding the legal system, family literacy, health and wellness, finance management, employer presentations, and classes on job retention. Programming and support services should begin before release and continue after release from the county jail. To be eligible for funding, an organization must show at least 2 years' worth of data that demonstrate program success.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Sec. 401. From funds appropriated in part 1 for youth in transition, \$280,000.00 shall be awarded to a foundation that provides housing at a charter high school for students ages 16 to 22 who have previously dropped out or are at risk of not graduating

1 on time operating in a county with a population of greater than
2 172,000 but less than 175,000 according to the most recent federal
3 decennial census. It is the intent of the legislature that this is
4 the second year out of 3 years that funding is to be provided by
5 the legislature for the foundation described in this section.

6 Sec. 402. From the funds appropriated in part 1 for school
7 success partnership program, the department of health and human
8 services shall allocate \$75,000.00 by December 1 of the current
9 fiscal year to support the Northeast Michigan Community Service
10 Agency programming, which will take place in each county in the
11 governor's prosperity region 3.

12 Sec. 406. From the funds appropriated in part 1 for primary
13 care and dental health services, \$300,000.00 shall be allocated for
14 primary care clinic and dental health clinic services for indigent
15 individuals to be provided in clinic locations in the city of
16 Detroit and Wayne County by a public nonprofit organization that is
17 pursuing certification as a federally qualified health center and
18 is expected to be certified within 2 years.

19 Sec. 407. (1) The department shall apply to CMS for a waiver
20 to allow the department to bill CMS for direct primary care
21 services for Medicaid enrollees. After the department receives a
22 response from CMS regarding the waiver, the department shall do 1
23 of the following:

24 (a) If CMS approves the waiver, from the funds appropriated in
25 part 1 for direct primary care pilot program, the department shall
26 expend \$710,000.00 general fund/general purpose plus associated
27 federal match for this program as part of a work project.

1 (b) If CMS does not approve the waiver, from the funds
2 appropriated in part 1 for direct primary care pilot program, the
3 department shall expend \$864,000.00 general fund/general purpose to
4 fund a direct primary care pilot program as part of a work project.

5 (2) If the waiver in subsection (1) is approved, the
6 department shall implement a direct primary care pilot program for
7 Medicaid enrollees that shall run from October 1, 2017 to September
8 30, 2018. The pilot program shall include no more than 400
9 enrollees from each of the following Medicaid eligibility
10 categories:

11 (a) Childless adults.

12 (b) Children ages 0 to 6 years.

13 (c) Children ages 7 to 18 years.

14 (d) Parents.

15 (e) Elderly individuals.

16 (f) Disabled individuals.

17 (3) If the waiver in subsection (1) is not approved, the
18 department shall implement a direct primary care pilot program for
19 Medicaid enrollees that shall run from October 1, 2017 to September
20 30, 2018. The pilot program shall include no more than 400
21 enrollees from each of the following Medicaid eligibility
22 categories:

23 (a) Childless adults.

24 (b) Children ages 0 to 18 years.

25 (c) Parents.

26 (4) The department shall open enrollment for the direct
27 primary care pilot program to all Medicaid beneficiaries and shall

1 keep enrollment open until the limits described in subsections (2)
2 and (3) are reached. For the purposes of the pilot program, each
3 enrollee, up to the limits described in subsections (2) and (3),
4 that opts in to the pilot program shall be enrolled in a single,
5 eligible direct primary care service provider plan. The department
6 shall maintain and publicly share a list of eligible direct primary
7 care service providers with potential pilot program enrollees.

8 (5) An eligible direct primary care service provider must meet
9 the following requirements:

10 (a) The direct primary care service provider must be a
11 licensed physician in a primary care specialty.

12 (b) If the waiver in subsection (1) is approved, the monthly
13 direct primary care enrollment fee shall not exceed a weighted
14 average of \$70.00 per month across all eligibility categories. The
15 average shall be weighted by the population makeup of the pilot
16 program. If the waiver in subsection (1) is not approved, the
17 monthly direct primary care enrollment fee shall not exceed a
18 weighted average of \$60.00 per month across all eligibility
19 categories. The average shall be weighted by the population makeup
20 of the pilot program.

21 (c) The direct primary care service provider will be
22 contracted with the department and must not accept any other third-
23 party payments for providing health care services to enrollees
24 under this pilot program.

25 (d) The direct primary care service provider must only provide
26 primary care services.

27 (e) The direct primary care service provider's services must

1 include, but are not limited to, access to telemedicine and same or
2 next business day appointments.

3 (6) Managed care organizations contracted by this state to
4 provide Medicaid services within the county where a direct primary
5 care pilot program enrollee lives shall authorize direct primary
6 care service providers participating in the pilot program to serve
7 as "gateway" service providers who are able to refer pilot
8 enrollees to non-primary-care services within the managed care
9 organization's provider network. The managed care provider is not
10 liable for increased costs resulting from the implementation of the
11 pilot program. The direct primary care service providers must do
12 all of the following:

13 (a) Only refer pilot program enrollees to non-primary-care
14 service providers within the managed care organization's provider
15 network when making referrals for non-primary-care services.

16 (b) For pharmacy services not covered in the direct primary
17 care services agreement, only authorize the use of pharmaceuticals
18 covered under the managed care organization's formulary management
19 system.

20 (c) Follow all prior authorization requirements mandated by
21 the managed care organization.

22 (7) The department shall have access to the patient records of
23 each enrollee in the pilot program for the sole purpose of
24 aggregate data collection.

25 (8) On a quarterly basis, the department shall report to the
26 senate and house appropriations subcommittees on the department
27 budget, the senate and house fiscal agencies, the senate and house

1 policy offices, and the state budget office on the implementation
2 of the direct primary care pilot program. The report shall include,
3 but is not limited to, the following performance metrics:

4 (a) The number of enrollees in the pilot program by
5 eligibility category.

6 (b) The per-member-per-month rate paid in the previous fiscal
7 year per eligibility category.

8 (c) The number of claims paid in the previous fiscal year per
9 eligibility category.

10 (d) The number of claims per category weighted to reflect 400
11 enrollees.

12 (e) The dollar value of all claims per eligibility category.

13 (f) The per-member-per-month actual cost. As used in this
14 subdivision, "per-member-per-month actual cost" means the direct
15 primary care plan costs and any managed care costs not covered
16 through the direct primary care plan, including managed care
17 provider overhead costs.

18 (g) The average direct primary care cost per enrollee per
19 eligibility category.

20 (h) The average number of actual claims per eligibility
21 category.

22 (i) The average actual dollar value of claims per eligibility
23 category.

24 (j) The number of enrollees in the pilot program during the
25 previous quarter who are no longer eligible for Medicaid in the
26 current quarter, broken down by eligibility category.

27 (k) The category savings subtotal. As used in this

1 subdivision, "category savings subtotal" means the per-member-per-
2 month rate paid in fiscal year 2016-2017 minus the per-member-per-
3 month actual cost, times the number of enrollees in the eligibility
4 category.

5 (l) The total savings. As used in this subdivision, "total
6 savings" means the per-member-per-month rate paid in the previous
7 fiscal year minus the per-member-per-month actual cost, times the
8 total number of enrollees in the program.

9 (9) Unexpended and unencumbered funds up to a maximum of
10 \$2,016,000.00 general fund/general purpose revenue plus any
11 associated federal match remaining in accounts appropriated in part
12 1 for direct primary care pilot program are designated as work
13 project appropriations, and any unencumbered or unallotted funds
14 shall not lapse at the end of the fiscal year and shall be
15 available for expenditures for the direct primary care pilot
16 program for Medicaid under this section until the work project has
17 been completed. All of the following are in compliance with section
18 451a(1) of the management and budget act, 1984 PA 431, MCL
19 18.1451a:

20 (a) The purpose of the work project is to fund the cost of a
21 direct primary care pilot program as provided by this section.

22 (b) The work project will be accomplished by contracting with
23 a managed care organization under contract with the department to
24 provide Medicaid services.

25 (c) The total estimated completion cost of the work project is
26 \$6,048,000.00.

27 (d) The tentative completion date is September 30, 2020.

PROVISIONS CONCERNING APPROPRIATIONS
FOR FISCAL YEAR 2016-2017

Sec. 1201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1A for fiscal year 2016-2017 is \$4,327,300.00 and state spending from state resources to be paid to local units of government for fiscal year 2016-2017 is \$0.00.

DEPARTMENT OF ATTORNEY GENERAL

DEPARTMENT OF TREASURY

1 Sec. 1401. Unexpended and unencumbered funds up to a maximum
2 of \$4,327,300.00 remaining in accounts appropriated for tax
3 processing - individual income tax direct E-file in 2014 PA 252,
4 road funding IT changes in section 701 of 2015 PA 6, tax processing
5 for special taxes CustFin in 2015 PA 84, and free individual tax e-
6 file in 2016 PA 268 are reappropriated for the fiscal year ending
7 September 30, 2017 for treasury operations information technology
8 services and projects.

9 Sec. 1402. The unexpended funds appropriated for a motor fuel,
10 tobacco tax, and customer financial system replacement are
11 designated as a work project appropriation, and any unencumbered or
12 unallotted funds shall not lapse at the end of the fiscal year and
13 shall be available for expenditures for projects under this section
14 until the projects have been completed. The following is in
15 compliance with section 451a(1) of the management and budget act,
16 1984 PA 431, MCL 18.1451a:

17 (a) The purpose of the project is to implement a motor fuel,
18 tobacco tax, and customer financial system replacement.

19 (b) The project will be accomplished by state employees and
20 contracts with private vendors.

21 (c) The total cost of the project is \$4,327,300.00

22 (d) The tentative completion date is September 30, 2019.

23 **REPEALER**

24 Enacting section 1. Section 604 of article V and section 1913
25 of article X of 2017 PA 107 are repealed.