

**FY 2021-22 GENERAL GOVERNMENT
Summary: As Passed the Senate
Article 1, House Bill 4410 (S-1)**



HFA Director: Mary Ann Cleary
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Overview

Article 1 of House Bill 4410 (S-1) appropriates \$1.4 billion of sales tax revenue for FY 2021-22 Revenue Sharing within the Department of Treasury.

Appropriation and boilerplate priorities are identified following this overview.

FY 2021-22 APPROPRIATIONS SUMMARY

Budget Area		FY 2020-21 Year-to-Date Appropriations	FY 2021-22 Senate Revised Change to Year-to-Date	% Change
Treasury – Revenue Sharing	Gross	\$1,341,924,300	\$70,811,000	5.3
	GF/GP	\$0	\$0	--
TOTAL	Gross	\$1,341,924,300	\$70,811,000	5.3
	GF/GP	\$0	\$0	--

Major Budget Changes from FY 2020-21 YTD Appropriations

TREASURY – REVENUE SHARING

1. Constitutional Revenue Sharing

Executive, House, and Senate increase by \$15.4 million of restricted sales tax revenue relative to the FY 2020-21 budget act appropriated amount. Appropriation reflects January 2020 CREC estimate for FY 2021-22 which represents a \$24.8 million (2.8%) decrease from January 2020 CREC estimate for FY 2020-21. House Omnibus adjusts to reflect May 2021 CREC. Senate Revised concurs with House Omnibus.

	FY 2020-21 Year-to-Date (as of 2/11/21)	FY 2021-22 Senate Revised Change
Gross	\$851,870,300	\$60,170,200
Restricted	851,870,300	60,170,200
GF/GP	\$0	\$0

2. City, Village, and Township (CVT) Revenue Sharing

Executive includes \$5.2 million of restricted sales tax revenue (designated a one-time appropriation) to provide a 2.0% increase for CVT Revenue Sharing payments. A CVT would be eligible for a payment equal to 102.0% of its FY 2020-21 eligible payment. Removes requirement that a CVT allocate its net increase to its unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. House includes \$2.6 million of restricted sales tax revenue (designated a one-time appropriation) to provide a 1.0% increase. Senate and House Omnibus concur with Executive 2% increase. House Omnibus includes 1% as ongoing and 1% as one-time. Senate Revised includes an ongoing 2% increase.

	FY 2020-21 Year-to-Date (as of 2/11/21)	FY 2021-22 Senate Revised Change
Gross	\$261,024,600	\$5,220,500
Restricted	261,024,600	5,220,500
GF/GP	\$0	\$0

Major Budget Changes from FY 2020-21 YTD Appropriations

3. County Revenue Sharing/County Incentive Program

Executive includes \$4.5 million of restricted sales tax revenue (designated a one-time appropriation) to provide a 2.0% increase for 82 eligible counties. Includes an additional \$447,800 of restricted sales tax revenue to reflect full-year funding for the return of Leelanau County to state revenue sharing payments after exhausting its revenue sharing reserve fund in 2021. Each county would be eligible to receive 106.6435% of statutory full funding. County Incentive Program comprises 18.8% of the County Revenue Sharing/County Incentive Program total. Removes requirement that a county allocate its net increase to its unfunded pension liabilities if they have a pension that is in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. House includes \$2.3 million of restricted sales tax revenue (designated a one-time appropriation) provide a 1.0% increase. House concurs with inclusion of \$447,800 for Leelanau County. Senate and House Omnibus concur with Executive 2% increase and inclusion of Leelanau County. House Omnibus includes 1% as ongoing and 1% as one-time. Senate Revised includes an ongoing 2% increase.

	FY 2020-21 Year-to-Date (as of 2/11/21)	FY 2021-22 Senate Revised Change
Gross	\$226,529,400	\$4,987,300
Restricted	226,529,400	4,987,300
GF/GP	\$0	\$0

4. Financially Distressed CVTs Grants

House reduces by \$533,000 of sales tax revenue and transfers funding to Supplemental Revenue Sharing. Senate, House Omnibus, and Senate Revised retain current-year funding level.

Gross	\$2,500,000	\$0
Restricted	2,500,000	0
GF/GP	\$0	\$0

5. Coronavirus Relief Local Governments Grant Reimbursement

House includes \$533,000 of restricted sales tax revenue (transferred from Financially Distressed CVT Grants) to provide two grants:

- \$290,000 to provide grants to CVTs and counties that were unable to utilize an amount of CRF replacement equal to the revenue sharing reduction it received in FY 2020.
- \$243,000 to provide grants to CVTs and counties that failed to qualify for a revenue sharing payment because transparency documents were not transmitted by December 1, 2020.

Executive does not include. Senate includes \$433,000 of restricted sales tax revenue to provide grants to CVTs and counties that were unable to utilize an amount of CRF replacement. The amount equals the difference between the amount the local unit used and the CRF allocation. Includes as Coronavirus Relief Local Government Grants line item. House Omnibus does not include. Senate Revised concurs with Senate.

Gross	\$0	\$433,000
Restricted	0	433,000
GF/GP	\$0	\$0

FY 2020-21 Boilerplate Items

GENERAL SECTIONS

Sec. 201. State Spending and State Appropriations Paid to Local Units of Government

Estimates total state spending from state sources and payments to be made to local units of government.

Sec. 202. Appropriations Subject to Management and Budget Act

Subjects appropriations to the Management and Budget Act, 1984 PA 431.

Sec. 203. State Administrative Board Transfers

Authorizes the legislature, by a concurrent resolution adopted by a majority of the members elected to and serving in each house, to inter-transfer funds if the State Administrative Board transfers funds.

FY 2020-21 Boilerplate Items

TREASURY – REVENUE SHARING

Sec. 301. Constitutional Revenue Sharing – RETAINED

Specifies distribution of constitutional revenue sharing payments to cities, villages, and townships (CVTs). Executive, House, Senate, House Omnibus, and Senate Revised retain.

Sec. 302. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED

Specifies distribution of \$261.0 million to all CVTs that received a payment under Section 950(2) of 2009 PA 128 greater than \$1,000.00. Eligible payment is equal to 100.0% of its FY 2019-20 eligible payment. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Requires eligible CVTs to allocate an amount equal to their FY 2020-21 eligible payment increase (no increase was received) to their unfunded pension liabilities if they have a pension that is considered to be in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (CVTs are exempt if they have issued a municipal security to pay down their unfunded liability.) Executive revises to reflect eligible payment equal to 102.0% of FY 2020-21 eligible payment and strikes language requiring the eligible unit to dedicate increased funds to unfunded pension liabilities. House revises to reflect eligible payment equal to 101.0% of FY 2020-21 eligible payment. House retains language requiring the eligible unit to dedicated increased funds to unfunded pension liabilities. House includes new subsection requiring a city, village, township, or county to maintain public safety expenditures at an amount not less than FY 2018-19 amount to qualify for a payment. Senate revises to reflect eligible payment equal to 102.0% of FY 2020-21 eligible payment; revises language requiring the eligible unit to dedicate increased funds to unfunded pension liabilities to apply only to the increase from FY 2020-21. House Omnibus includes a 2.0% increase and retains current-year language. Senate Revised concurs with House Omnibus.

Sec. 303. County Revenue Sharing Payments – REVISED

Requires the county revenue sharing appropriation to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 104.5619% of the amount determined pursuant to the Glen Steil State Revenue Sharing Act of 1971. Requires counties receiving a payment to allocate their FY 2020-21 eligible payment increase (no increase was received) to their unfunded pension liabilities if they have a pension that is considered to be in unfunded status pursuant to the Protecting Local Government Retirement and Benefits Act. (Counties are exempt if they have issued a municipal security to pay down their unfunded liability.) Executive revises to increase payments to counties by 2.0% which would represent 106.6435% of statutory full funding. Strikes language requiring the eligible county to dedicate increased funds to unfunded pension liabilities. House revises to increase payments to counties by 1.0% which would represent 105.5981% of statutory full funding. House includes new subsection requiring a city, village, township, or county to maintain public safety expenditures at an amount not less than FY 2018-19 amount to qualify for a payment. Senate revises to increase payments to counties by 2.0%; revises language requiring the eligible unit to dedicate increased funds to unfunded pension liabilities to apply only to the increase from FY 2020-21. House Omnibus includes a 2.0% increase and retains current-year language. Senate Revised concurs with House Omnibus.

Sec. 304. Financially Distressed Cities, Villages, and Townships – RETAINED

Specifies distribution of \$2.5 million as grants to CVTs that have one or more conditions of probable financial distress. CVTs must work with Treasury to develop plan for grant funding and grants must be used for specific projects or services that move the CVT toward financial stability. Grants are capped at \$2.0 million. Funds are designated as work project. Requires report. Executive revises to strike use of grants for unfunded liabilities and debt obligations. House retains current law language, aligns funding with part 1 appropriation. Senate, House Omnibus, and Senate Revised retain current law.

Sec. 305. Coronavirus Relief Local Government Grants – NEW

Requires funds appropriated in part 1 to make payments to cities, villages, townships, and counties that received a coronavirus relief local government grant in 2020 PA 144 and subsequently returned at least some portion of the grant. The grant must equal the amount returned to the Department of Treasury. Senate includes as new section. House included language requiring an amount equal to the difference between the FY 2019-20 revenue sharing reduction and the amount of CRF replacement revenues the local unit expended (if the local unit expended less than the revenue sharing reduction). Executive and House Omnibus do not include. Senate Revised concurs with Senate.

FY 2020-21 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed the Senate
Article 2, House Bill 4410 (S-1) As Amended



HFA Director: Mary Ann Cleary
 Associate Director: Robin R. Risko

Overview

Article 1 of House Bill 4410 (S-1), as amended, contains supplemental appropriation adjustments to various state department budgets for FY 2020-21. The bill appropriates \$384.7 million Gross. Of that, \$367.7 million is from federal COVID relief funding that was authorized through the federal Coronavirus Response and Relief Supplemental Appropriations Act in an effort to support the economic recovery of individuals, families, and businesses struggling with effects of the COVID-19 pandemic. The bill also appropriates \$17.0 million from the state's general fund.

Appropriation and boilerplate priorities initiated by the legislature and the State Budget Office are identified following this overview.

FY 2020-21 APPROPRIATIONS SUMMARY

Budget Area		FY 2020-21 Year-to-Date Appropriations	FY 2020-21 Supplemental Change	% Change
Education	Gross	\$451,695,700	\$105,000,000	23.2
	GF/GP	\$90,067,100	\$0	0.0
Health and Human Services	Gross	\$31,281,607,100	\$260,000,000	0.8
	GF/GP	\$5,279,838,900	\$0	0.0
State Police	Gross	\$831,730,400	\$12,700,000	1.5
	GF/GP	\$439,376,600	\$10,000,000	2.3
Treasury - Operations	Gross	\$1,102,629,500	\$7,000,000	0.6
	GF/GP	\$279,432,200	\$7,000,000	2.5
TOTAL	Gross	\$33,667,662,700	\$384,700,000	1.1
	GF/GP	\$6,088,714,800	\$17,000,000	0.3

FY 2020-21 Supplemental Appropriation Items

**Appropriation
Change**

EDUCATION

1. COVID-19 Child Care Public Assistance

Includes \$105.0 million of federal funds to provide a 40% rate increase to child development and care (CDC) program providers beginning on October 1, 2020 and ending September 30, 2021, and a modification to pay providers based on enrollment rather than based on attendance starting on June 28, 2021 and ending September 30, 2021.

Gross \$105,000,000
 Federal 105,000,000
 GF/GP \$0

HEALTH AND HUMAN SERVICES

2. Hospital COVID-19 Grants

Includes \$160.0 million of federal Coronavirus State Fiscal Recovery Funds to provide grant awards to hospitals based on total state Medicaid inpatient claims revenue to help cover increased hospital costs and reduced hospital revenue related to the COVID-19 pandemic.

Gross \$160,000,000
 Federal 160,000,000
 GF/GP \$0

3. Nursing Facility Grants

Includes \$100.0 million of federal Coronavirus State Fiscal Recovery Funds to provide a \$23.00 per Medicaid day increase to nursing facilities that have experienced a 5% or greater decline in the nursing facility's average daily census.

Gross \$100,000,000
 Federal 100,000,000
 GF/GP \$0

<u>FY 2020-21 Supplemental Appropriation Items</u>	<u>Appropriation Change</u>
STATE POLICE	
4. Secondary Road Patrol Program	Gross \$2,700,000
Includes \$2.7 million of federal Coronavirus State Fiscal Recovery Funds to support the Secondary Road Patrol Program, which provides grants to county sheriff's departments for the patrol of secondary roads.	Federal 2,700,000 GF/GP \$0
5. Emergency and Disaster Response and Mitigation	Gross \$10,000,000
Includes \$10.0 million GF/GP to be used to assist areas of the state with restoration costs and other expenses resulting from weather-related events that occurred in June 2021.	GF/GP \$10,000,000
TREASURY	
6. Wrongful Imprisonment Compensation Fund	Gross \$7,000,000
Includes \$7.0 million GF/GP for deposit into the Wrongful Imprisonment Compensation Fund. Funds support statutorily required payments to those deemed to have been wrongfully imprisoned and eligible for compensation from the state under 2016 PA 363.	GF/GP \$7,000,000

FY 2020-21 Supplemental Boilerplate Items

GENERAL SECTIONS

Sec. 1201. State Spending and State Appropriations Paid to Local Units of Government

Estimates total state spending from state sources and payments to be made to local units of government.

Sec. 1202. Appropriations Subject to Management and Budget Act

Subjects appropriations to the Management and Budget Act, 1984 PA 431.

Sec. 1203. State Administrative Board Transfers

Authorizes the legislature, by a concurrent resolution adopted by a majority of the members elected to and serving in each house, to inter-transfer funds if the State Administrative Board transfers funds.

Sec. 1204. Appropriations Subject to Federal Audit and Reporting Requirements

Subjects appropriations to applicable federal audit and reporting requirements; requires prompt action if instances of noncompliance are identified; requires the state budget director to notify appropriations committees and fiscal agencies of incidences of noncompliance.

Sec. 1205. Report on Status of COVID-19 Appropriations

Requires the state budget director to report on a monthly basis on the status of all funds appropriated related to the coronavirus relief effort until all funds are exhausted.

HEALTH AND HUMAN SERVICES

Sec. 1301. Hospital COVID-19 Grants

Requires the department to provide grants to hospitals to help cover increased hospital costs and reduced hospital revenue related to the COVID-19 pandemic; requires hospital grants to be based on the percent of total Medicaid inpatient claims revenue.

Sec. 1302. Nursing Facility Grants

Requires a \$23.00 per Medicaid day increase to nursing facilities that have experienced a 5% or greater decline in their average daily census when compared to their average daily census reported in the 2019 Medicaid cost report; requires calculation to be determined on a quarterly basis and to be based on total licensed beds, actual quarterly average daily census, and weekly average daily census for the quarter; requires nursing facilities to agree to payment or recovery action for any over or under payment disclosed.

EDUCATION

Sec. 1401. Provider Reimbursement Rates

Requires MDE to increase CDC provider reimbursement rates by 40% from October 1, 2020 to September 30, 2021.

Sec. 1402. Payment to Child Care Providers

Requires MDE to make payments to child care providers for eligible children in the CDC program based on enrollment rather than based on attendance from June 28, 2021 to September 30, 2021.

FY 2020-21 Supplemental Boilerplate Items

STATE POLICE

Sec. 1501. Emergency and Disaster Response and Mitigation

Requires appropriation to be used to assist areas of the state with restoration costs and other expenses resulting from weather-related events that occurred in June 2021.