

FY 2019-20 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed by the Senate
House Bill 5265 (S-3)



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FY 2019-20 APPROPRIATIONS SUMMARY

| Budget Area | | FY 2019-20 Year-to-Date Appropriations | FY 2019-20 Supplemental Change | % Change |
|--|--------------|---|---|-----------------|
| Attorney General | Gross | \$106,487,200 | \$0 | 0.0 |
| | GF/GP | \$41,736,300 | (\$459,600) | (1.1) |
| Corrections | Gross | \$2,506,244,000 | \$0 | 0.0 |
| | GF/GP | \$2,005,137,900 | (\$2,000,000) | (0.1) |
| Education | Gross | \$670,416,900 | (\$3,000,000) | (0.4) |
| | GF/GP | \$87,212,000 | (\$1,865,500) | (2.1) |
| Health and Human Services | Gross | \$27,962,969,800 | \$1,008,937,900 | 3.6 |
| | GF/GP | \$4,826,421,900 | (\$426,649,400) | (8.8) |
| Judiciary | Gross | \$311,313,500 | (\$3,120,000) | (1.0) |
| | GF/GP | \$201,443,600 | (\$2,550,000) | (1.3) |
| Labor and Economic Opportunity | Gross | \$1,590,742,500 | (\$3,000,000) | 0.2 |
| | GF/GP | \$142,308,300 | \$0 | 0.0 |
| Licensing and Regulatory Affairs | Gross | \$440,110,400 | \$0 | 0.0 |
| | GF/GP | \$111,606,400 | (\$1,500,000) | (1.3) |
| Military and Veterans Affairs | Gross | \$207,778,600 | \$420,000 | 0.2 |
| | GF/GP | \$73,247,500 | (\$147,600) | (0.2) |
| State | Gross | \$261,640,800 | \$0 | 0.0 |
| | GF/GP | \$13,451,200 | (\$200,000) | (1.5) |
| State Police | Gross | \$1,418,286,800 | \$0 | 0.0 |
| | GF/GP | \$481,701,700 | (\$2,693,400) | (0.6) |
| Technology, Management, and Budget - Operations | Gross | \$1,615,733,200 | (\$100,000,000) | (6.2) |
| | GF/GP | \$366,103,600 | (\$102,582,700) | (28.0) |
| Treasury - Operations | Gross | \$1,135,359,800 | \$54,975,100 | 4.8 |
| | GF/GP | \$120,744,700 | \$1,975,000 | 1.6 |
| Treasury – Revenue Sharing | Gross | \$1,355,474,600 | \$53,478,100 | 3.9 |
| | GF/GP | \$0 | \$0 | -- |
| TOTAL | Gross | \$39,582,558,100 | \$1,008,691,100 | 2.5 |
| | GF/GP | \$8,471,115,100 | (\$538,673,200) | (6.4) |

Overview

House Bill 5265 (S-3) does the following:

- Reflects caseload-related and other adjustments in the Health and Human Services budget totaling a net reduction of \$138.8 million GF/GP.
- Appropriates \$4.0 million GF/GP to the Treasury budget for costs associated with the presidential primary and \$420,000 GF/GP to the Military and Veterans Affairs budget to cover costs of deploying the National Guard in response to protests and demonstrations. A reduction of \$4.4 million GF/GP is included in the Health and Human Services budget to offset these costs.
- Appropriates \$8.0 million GF/GP in the Health and Human Services Budget for new expenditure needs for the West Michigan Partnership for Children Consortium.
- Reduces GF/GP in the Health and Human Services budget by \$194.5 million to reflect additional FMAP.
- Reduces the DTMB budget by \$100.0 million GF/GP and the Health and Human Services budget by \$25.0 million GF/GP to reflect the removal of health care-related FEMA match funding.

- Reduces statutory revenue sharing payments to cities, villages, townships, and counties by \$96.5 million of restricted sales tax revenue. Includes \$150.0 million from federal Coronavirus Relief Fund to provide payments to cities, villages, townships, and counties that had statutory revenue sharing payments reduced.
- Reduces other GF/GP appropriations by \$8.6 million. Some reductions are offset by fund source shifts. Adjustments associated with federal appropriations are also included in the bill.

In sum, the bill increases Gross appropriations in the FY 2019-20 state budget by \$1.0 billion and reduces GF/GP appropriations by \$538.7 million. The bill also contains various adjustments to budget-related boilerplate, as described at the end of this document.

Under Article V, Section 20 of the State Constitution and the Management and Budget Act, the Governor, with the approval of the House and Senate Appropriations Committees, is required to reduce expenditures authorized by appropriations whenever it appears that actual revenues will fall below the revenue estimates on which appropriations were based. The General Fund/General Purpose (GF/GP) reductions of \$538.7 million in the bill, in conjunction with Executive Order (EO) 2020-155, Senate Bill 373, and work project lapses specified by the State Budget Director in a letter dated July 22, 2020, resolve a projected GF/GP and School Aid Fund shortfall of \$2.2 billion in the FY 2019-20 state budget. The budget shortfall resulted primarily from the COVID-19 pandemic. Additionally, there is a planned set of implementation bills that would transfer \$165.7 million to the General Fund.

| <u>FY 2019-20 Supplemental Appropriation Items</u> | Supplemental Appropriation Change | |
|--|--|---|
| ATTORNEY GENERAL | | |
| 1. Fund Source Shift – Attorney General's Operations Fund | Gross | \$0 |
| Appropriates available state restricted Attorney General's Operations Fund revenue to offset a General Fund reduction. The Attorney General Operations Fund receives a portion of fees collected by the Friend of the Court state disbursement unit. Fee revenue is authorized to be used to support department operation costs. | Restricted GF/GP | 459,600 (\$459,600) |
| CORRECTIONS | | |
| 2. Fund Source Shift – Parole and Probation Oversight Fees - Set Aside | Gross | \$0 |
| Appropriates available state restricted Parole and Probation Oversight Fees - Set Aside revenue to offset a General Fund reduction to the Field Operations line item. The account currently has a fund balance of \$2.1 million. Spending a portion of this restricted fund's balance in FY 2019-20 will allow the department to save GF/GP. | Restricted GF/GP | 2,000,000 (\$2,000,000) |
| EDUCATION | | |
| 3. Child Development and Care – FY 2019-20 Caseload Consensus | Gross | (\$3,000,000) |
| Reduces Gross appropriation by \$3.0 million, leaving a total of \$214.0 million, to align with consensus caseload estimates and consensus cost per case estimates. | Federal GF/GP | (3,000,000) \$0 |
| 4. Fund Source Shift – Certifications Fees | Gross | \$0 |
| Replaces \$1.9 million GF/GP with a corresponding amount of teacher certification fee revenue in the following two line items: Educator Excellence Operations (\$1.8 million); and Information Technology Services and Projects (\$32,800). Teacher certification fee revenue is authorized to be used for teacher-administrator preparation, certification, and professional development. | Restricted GF/GP | 1,865,000 (\$1,865,500) |
| HEALTH AND HUMAN SERVICES | | |
| 5. May CREC Caseload Adjustments – Medical and Behavioral Health Services | Gross | \$508,091,400 |
| Includes an increase of \$508.1 million Gross (a reduction of \$195.2 million GF/GP) based on Medicaid program caseload, utilization, inflation, and financing adjustments based on the May CREC forecast. Amount includes \$328.8 million in GF/GP savings from 2 quarters of a 6.2 percentage point increase to the state's FMAP provided under the federal Families First Coronavirus Response Act. | Federal Local Restricted GF/GP | 683,378,300 1,622,900 18,283,200 (\$195,193,000) |
| 6. Third Quarter FMAP Increase | Gross | \$0 |
| Includes \$164.5 million in GF/GP savings from an additional quarter of a 6.2 percentage point increase to the state's FMAP provided under the federal Families First Coronavirus Response Act. The enhanced FMAP is in effect for the duration in which there is a federal public health emergency declaration. | Federal GF/GP | 164,500,000 (\$164,500,000) |

| FY 2019-20 Supplemental Appropriation Items | | Supplemental Appropriation Change |
|---|--------------|--|
| 7. Federal Medicare Pharmaceutical Program | Gross | (\$30,000,000) |
| Reduces \$30.0 million GF/GP in state contribution costs as required for Medicare Part D drug benefit costs as a result of the federal Centers for Medicare and Medicaid Services (CMS) determination in June that the enhanced FMAP under the federal Families First Coronavirus Response Act lowers these state costs. | GF/GP | (\$30,000,000) |
| 8. May CREC Caseload Adjustments – Public Assistance | Gross | \$33,591,800 |
| Includes \$33.6 million Gross (\$30.7 million GF/GP) for public assistance caseload adjustments based on the May CREC forecast for the Family Independence Program, State Disability Assistance, and the state share of Supplemental Security Income payments. Caseloads have increased resulting from the ongoing COVID-19 pandemic. | TANF | 5,000,000 |
| | Restricted | (2,131,300) |
| | GF/GP | \$30,723,100 |
| 9. Food Assistance Program Benefits | Gross | \$600,000,000 |
| Includes \$600.0 million federal SNAP funding to support increased Food Assistance Program caseloads. | Federal | 600,000,000 |
| | GF/GP | \$0 |
| 10. May CREC Caseload Adjustments – Child Welfare | Gross | \$23,039,100 |
| Includes \$23.0 million Gross (\$25.7 million GF/GP) for caseload adjustments based on the May CREC forecast. Of this increase, \$11.0 million Gross (\$4.9 million GF/GP) is for foster care payments for which cases have been increasing and now include unlicensed relative caregivers. | Federal | 4,143,600 |
| | TANF | (9,317,100) |
| | Local | 2,501,100 |
| | GF/GP | \$25,711,500 |
| 11. West Michigan Partnership for Children (WMPC) | Gross | \$10,650,000 |
| Includes \$10.7 million Gross (\$8.0 million GF/GP) for the WMPC Consortium for prior-year cash advances, a prospective case rate increase, and a \$1.5 million risk reserve. | Federal | 2,695,000 |
| | GF/GP | \$7,955,000 |
| 12. TANF Offset | Gross | \$0 |
| Replaces \$3.0 million GF/GP with federal TANF block grant funds based on TANF-funded reductions in the Department of Labor and Economic Opportunity budget. | TANF | 3,000,000 |
| | GF/GP | (\$3,000,000) |
| 13. Fund Source Shift for State Psychiatric Hospitals | Gross | \$0 |
| Replaces \$13.1 million GF/GP with state restricted fee revenue from 1st and 3rd party liabilities received at state psychiatric hospitals for a net \$0 Gross adjustment. The fund balance of these 1st and 3rd party liability revenues was estimated to be \$18.3 million at the beginning of FY 2019-20 and has seen a steady increase in its fund balance over time. | Restricted | 13,100,000 |
| | GF/GP | (\$13,100,000) |
| 14. Fund Source Shift for Laboratory Services | Gross | \$0 |
| Replaces \$1.0 million GF/GP with state restricted fee revenue from newborn screening service fees for a net \$0 Gross adjustment to the Laboratory Services line item. The fund balance for the newborn screening program is projected to be \$5.3 million at year end, an increase from \$5.0 million at the start of the fiscal year. This would reduce the fund balance to about \$4.3 million. | Restricted | 1,000,000 |
| | GF/GP | (\$1,000,000) |
| 15. AIDS Prevention, Testing, and Care Programs – Recognize Revenue | Gross | \$32,750,000 |
| Increases AIDS program authorization by \$32.8 million to recognize private pharmaceutical manufacturer rebate revenue totaling \$30.0 million for AIDS drugs assistance program (ADAP), and \$2.8 million from federal grants for HIV and AIDS program components. | Federal | 2,750,000 |
| | Private | 30,000,000 |
| | GF/GP | \$0 |
| 16. Violence Prevention – Recognize Federal Opioid Data to Action Grant | Gross | \$7,000,000 |
| Increases Violence Prevention authorization by \$7.0 million to recognize a new 3-year federal grant beginning September 2019 to increase quality, timeliness, and comprehensiveness of drug overdose morbidity and mortality data, in order to better inform public health response and prevention activities to address the state and national drug overdose epidemic. | Federal | 7,000,000 |
| | GF/GP | \$0 |
| 17. Child and Adolescent E3 Mental Health Programs – Recognize Revenue | Gross | \$6,500,000 |
| Recognizes increased local school district revenue totaling \$6.5 million originating from the state School Aid Fund (Sec. 31n(5)), to place licensed behavioral health providers in schools in child and adolescent health centers for E3 programs for Expanding and Enhancing Emotional Health. | Local | 6,500,000 |
| | GF/GP | \$0 |
| 18. Child and Adolescent Health Centers – Recognize Revenue | Gross | \$1,942,700 |
| Recognizes increased local school district revenue totaling \$1.9 million originating from the state School Aid Fund, for general school-based child and adolescent health center care funded under Sec. 31a(7) of the School Aid Act. | Local | 1,942,700 |
| | GF/GP | \$0 |
| 19. Medicaid Health Plan Risk Corridor | Gross | (\$162,227,100) |
| Recognizes \$35.0 million GF/GP savings from implementing a two-way risk corridor between DHHS and Medicaid Health Plans. | Federal | (127,227,100) |
| | GF/GP | (\$35,000,000) |

| <u>FY 2019-20 Supplemental Appropriation Items</u> | | Supplemental Appropriation Change |
|---|-------------------------------------|--|
| 20. OBRA Contract Penalties | | |
| Includes \$2.6 million of private revenue generated from penalties assessed due to contractual violations associated with implementing federal requirements of the Omnibus Budget Reconciliation Act of 1987. | Gross Private GF/GP | \$2,600,000 2,600,000 \$0 |
| 21. Shift GME Funding to Healthy Michigan | | |
| Transfers funding for Graduate Medical Education from traditional Medicaid to the Healthy Michigan plan, in order to recognize \$2.7 million in GF/GP savings resulting from the higher federal match rate for Healthy Michigan Plan. | Gross Federal GF/GP | \$0 2,746,000 (\$2,746,000) |
| 22. Fund Source Shift – Tobacco Settlement Revenue | | |
| Replaces \$11.5 million GF/GP with revenue from the Michigan Merit Award Trust fund, resulting from the master settlement agreement with tobacco companies. | Gross Restricted GF/GP | \$0 11,500,000 (\$11,500,000) |
| 23. Fund Source Shift – Medicaid Benefits Trust Fund | | |
| Replaces \$10.0 million GF/GP with revenues available in the Medicaid Benefits Trust Fund, revenues from tobacco taxes, and certain legal settlements. | Gross Restricted GF/GP | \$0 10,000,000 (\$10,000,000) |
| 24. Coronavirus – Health Care Capacity | | |
| Removes \$25.0 million GF/GP one-time funding for critical health care providers to expand capacity to respond to COVID-19. | Gross GF/GP | (\$25,000,000) (\$25,000,000) |
| JUDICIARY | | |
| 25. Savings from Discretionary Spending | | |
| Includes a savings of \$3.1 million Gross (\$2.6 million GF/GP) resulting from reduced travel expenses, reduced spending for discretionary programs, delayed hiring of judicial staff, and delayed contract for an information technology project. | Gross Restricted GF/GP | (\$3,120,000) (570,000) (\$2,550,000) |
| LABOR AND ECONOMIC OPPORTUNITY | | |
| 26. TANF Fund Transfer to Department of Health and Human Services (DHHS) | | |
| Reduces Workforce Development Programs by \$3.0 million of federal Temporary Assistance to Needy Families (TANF) funds. TANF would be transferred to DHHS to offset GF/GP and realize GF/GP savings. | Gross Federal GF/GP | (\$3,000,000) (3,000,000) \$0 |
| 27. Small Business Restart Grants | | |
| Includes a net \$0 reappropriation of Small Business Restart Grants (originally appropriated in 2020 PA 123) to facilitate a revision of the Small Business Restart Grants – Small Businesses boilerplate (Sec. 502). The language would be revised to authorize recipients of an award under the MSF Small Business Relief Program to be eligible to qualify for an amount equal to \$20,000 less their prior award. These recipients are ineligible for a grant under current program guidelines. | Gross Federal GF/GP | \$0 0 \$0 |
| LICENSING AND REGULATORY AFFAIRS | | |
| 28. Fund Source Shift – Bureau of Fire Services | | |
| Appropriates available Fire Service Fee revenue to offset a General Fund reduction to the Bureau of Fire Services line item. The account currently has a fund balance of \$6.7 million. Spending a portion of this restricted fund's balance in FY 2019-20 will allow the department to save GF/GP. | Gross Restricted GF/GP | \$0 1,400,000 (\$1,400,000) |
| 29. Fund Source Shift – Bureau of Construction Codes | | |
| Appropriates available Construction Code Fund revenue to offset a General Fund reduction to the Bureau of Construction Codes line item. The account currently has a fund balance of \$2.6 million. Spending a portion of this restricted fund's balance in FY 2019-20 will allow the department to save GF/GP. | Gross Restricted GF/GP | \$0 100,000 (\$100,000) |
| MILITARY AND VETERANS AFFAIRS | | |
| 30. Fund Source Shift – Youth ChalleNGe Academy | | |
| Replaces \$567,600 GF/GP with state restricted local School Aid Fund revenue to support Youth ChalleNGe Academy, a voluntary boot camp-style education program for at-risk youths. Unexpended restricted carry forward revenue remains after the School Aid Fund appropriation was replaced with GF/GP in FY 2019-20. | Gross Local GF/GP | \$0 567,600 (\$567,600) |

| <u>FY 2019-20 Supplemental Appropriation Items</u> | | Supplemental Appropriation Change |
|--|---------------------|--|
| 31. National Guard Activations | Gross | \$420,000 |
| Includes \$420,000 GF/GP for costs related to activation of Michigan National Guard units for civil support missions in Grand Rapids, Lansing, and Kalamazoo in response to activities at protests and demonstrations. Funding would support costs of pay and allowances, supplies, equipment, lodging, and food. | GF/GP | \$420,000 |
| STATE | | |
| 32. Fund Source Shift – TACF | Gross | \$0 |
| Replaces \$200,000 GF/GP with state restricted Transportation Administration Collection Fund (TACF) revenue. TACF revenue is collected from various Secretary of State (SOS) service fees to support SOS operations related to vehicle registrations and titles. | Restricted GF/GP | 200,000 (\$200,000) |
| STATE POLICE | | |
| 33. Fund Source Shift – Narcotics-Related Forfeiture Revenue | Gross | \$0 |
| Appropriates available narcotics-related forfeiture revenue to offset a General Fund reduction in the MSP budget. The account currently has a fund balance of \$3.0 million. Spending a portion of this restricted fund's balance in FY 2019-20 will allow the department to save GF/GP. | Restricted GF/GP | 2,693,400 (\$2,693,400) |
| TECHNOLOGY, MANAGEMENT, AND BUDGET | | |
| 34. Remove General Fund for FEMA Match | Gross | (\$100,000,000) |
| Removes \$100.0 million GF/GP previously appropriated to provide the federally required 25% match for certain Federal Emergency Management Assistance (FEMA) assistance. The state was given authorization to use federal Coronavirus Relief Funds to satisfy the 25% match requirement, which rendered these funds no longer necessary for FEMA match purposes. | GF/GP | (\$100,000,000) |
| 35. Fund Source Shift – Procurement Services Contract Revenue | Gross | \$0 |
| Replaces \$2.6 million GF/GP with state restricted contract revenue collected from fees paid by vendors and membership fees from local units of government to utilize the state's procurement services through the MiDeal program. Revenue is collected within the Special Revenue, Internal Service, and Pension Trust Funds fund source line. | Restricted GF/GP | 2,582,700 (\$2,582,700) |
| TREASURY - OPERATIONS | | |
| 36. Presidential Primary | Gross | \$4,000,000 |
| Includes \$4.0 million GF/GP for reimbursements to counties, cities, and townships for the cost of conducting a presidential primary election pursuant to Section 624g of the Michigan Election Law, 1954 PA 116. An initial appropriation of \$14.0 million GF/GP was included in 2020 PA 66 which is insufficient to provide full reimbursement as required under statute. The shortfall is estimated at \$3.4 million. Additionally, the appropriation would accommodate reimbursement of costs for approximately 70 local units that failed to submit reimbursement requests on time due to the COVID-19 pandemic, which is estimated to cost \$600,000. | GF/GP | \$4,000,000 |
| 37. First Responder Hazard Pay Premiums | Gross | \$0 |
| Includes a net \$0 reappropriation of First Responder Hazard Pay Premiums (originally appropriated in 2020 PA 123) to facilitate a revision of boilerplate (Sec. 801) to include volunteer fire as eligible recipients of funds. | Federal GF/GP | 0 \$0 |
| 38. Local Units of Government | Gross | \$0 |
| Includes a net \$0 reappropriation of Local Units of Government (originally appropriated in 2020 PA 123) to facilitate a revision of boilerplate (Sec. 803) to include authorities in the list of eligible recipients and replace direct allocation from CARES Act with direct allocation from Coronavirus Relief Fund as a prohibiting factor for eligible unit. | Federal GF/GP | 0 \$0 |
| 39. Discretionary Budget Savings | Gross | (\$2,025,000) |
| Reflects reductions totaling \$2.0 million GF/GP. Reductions are realized in Office of Accounting Services (\$50,000), Office of Financial Services (\$125,000), Tax Compliance Bureau (\$900,000), and Tax Administration Service Bureau (\$950,000). To accomplish full GF/GP reductions, restricted delinquent tax collection revenue is transferred from lines with no GF/GP to Tax Processing. Savings would be realized through reductions in non-essential travel, information technology, and other contracts, supplies, services, and materials. | Restricted GF/GP | 0 (\$2,025,000) |

| <u>FY 2019-20 Supplemental Appropriation Items</u> | | Supplemental Appropriation Change |
|--|--------------|--|
| 40. Teacher COVID-19 Grants | Gross | \$53,000,000 |
| Includes \$53.0 million of federal Coronavirus Relief Funds to provide hazard pay to K-12 school teachers. Funding would support equal one-time payments to classroom teachers who teach in a public school or nonprofit nonpublic school. Payments would be capped at \$500 per full-time equated teacher. The Department of Treasury would be authorized to retain up to 0.5% for administration. | Federal | 53,000,000 |
| | GF/GP | \$0 |
| 41. Non-Teaching School Employee COVID-19 Grants | Gross | \$100 |
| Includes a \$100 placeholder, appropriating federal Coronavirus Relief Funds, to provide hazard pay to K-12 non-teaching school employees. | Federal | 100 |
| | GF/GP | \$0 |
| TREASURY – REVENUE SHARING | | |
| 42. City, Village, and Township (CVT) Revenue Sharing Reduction | Gross | (\$43,505,400) |
| Reduces CVT Revenue Sharing by \$43.5 million of restricted sales tax revenue. This reduction is equal to the sum of all eligible CVTs' August CVT Revenue Sharing payments. | Restricted | (43,505,400) |
| | GF/GP | \$0 |
| 43. County Revenue Sharing Reduction | Gross | (\$45,795,700) |
| Reduces County Revenue Sharing by \$45.8 million of restricted sales tax revenue. This reduction is equal to the sum of all eligible counties' August County Revenue Sharing payments. | Restricted | (45,795,700) |
| | GF/GP | \$0 |
| 44. County Incentive Program Reduction | Gross | (\$7,220,800) |
| Reduces County Incentive Program by \$7.2 million of restricted sales tax revenue. This reduction is equal to the sum of all eligible counties' August County Incentive Program payments. | Restricted | (7,220,800) |
| | GF/GP | \$0 |
| 45. Coronavirus Relief Local Government Grants | Gross | \$150,000,000 |
| Includes \$150.0 million of federal Coronavirus Relief Funds to provide payments to all cities, villages, townships, and counties that would have received August revenue sharing payments under Section 952 and Section 955 of 2019 PA 56. The payments must be distributed proportionate to the size of the August revenue sharing payment reduction. More specifically, the proportionate share is an amount equal to the percentage the August payment under Section 952 and Section 956 of 2019 PA 56 for the eligible city, village, township, and county is to the total August payment for all eligible cities, villages, townships, and counties under Section 952 and Section 956 of 2019 PA 56 multiplied by \$150.0 million. | Federal | 150,000,000 |
| | GF/GP | \$0 |

FY 2019-20 Supplemental Boilerplate Items

GENERAL SECTIONS

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

Expresses 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.

Sec. 204. Appropriations Subject to Federal Audit and Reporting Requirements

Subjects appropriations to applicable federal audit and reporting requirements; requires prompt action by the state budget director if instances of noncompliance are identified; requires the state budget director to notify the Senate and House Appropriations Committees and Fiscal Agencies of incidences of noncompliance; authorizes departments to require all sub-recipients of federal funding to comply with federal requirements; authorizes the state budget director to withhold payment of funds or retract funding if recipients are not abiding by requirements.

Sec. 205. Report on Status of all Appropriations

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

Sec. 206. Coronavirus Relief Fund Appropriations

Stipulates that appropriations from Coronavirus Relief Funds reduce to zero the Coronavirus Relief Funds authorized in the same amounts and for the same purposes in section 302 of 2020 PA 67.

FY 2019-20 Supplemental Boilerplate Items

HEALTH AND HUMAN SERVICES

Sec. 401. Medicaid Health Plan Risk Corridor

Requires the department to implement a two-way risk corridor between the state and Medicaid health plans, outlines 3 tiers of the risk corridor, and limits GF/GP savings to not more than \$35.0 million.

Sec. 402. West Michigan Partnership for Children

Requires \$10.7 million be allocated to WMPC consortium for the following: prior-year cash advances, a restructured payment model, and a \$1.5 million risk reserve.

LABOR AND ECONOMIC OPPORTUNITY

Sec. 501. Lapse of Restricted Revenue Carryforward

Authorizes the state budget director to take any and all related actions necessary to effectuate a transfer of \$1.4 million from component unit accounts (restricted revenues) within the Michigan Strategic Fund to the General Fund.

Sec. 502. Small Business Restart Grants – Small Businesses

Requires not more than \$100.0 million of the appropriation for small business restart grants to be provided by the 15 local and nonprofit economic development organizations to support small businesses and nonprofits that have realized a significant financial hardship as a result of the COVID-19 emergency; authorizes a base amount of \$3.5 million to be awarded by each of the 15 local and nonprofit economic development organizations; requires the Michigan Strategic Fund, in consultation with the 15 local and nonprofit economic development organizations, to determine a fair method for distributing the remaining funds; caps grant awards to eligible businesses and nonprofits at \$20,000; eligible businesses that received an award under the MSF Small Business Relief Program would be eligible to qualify for an amount equal to \$20,000 less their prior award; lists authorized uses of grant funding; requires a monthly report on grants awarded in the previous month; designates unexpended funding as a work project appropriation.

LEGISLATURE

Sec. 601. Legislative Work Project Lapse

Expresses legislative intent that \$9.4 million of work project funds will lapse from the Legislature budget pursuant to the FY 2019-20 budget agreement.

TRANSPORTATION

Sec. 701. Redirect Roads and Risks Reserve Fund Balance to General Fund

Authorizes the state budget director to lapse unexpended Roads and Risks Reserve Funds to the state General Fund.

TREASURY

Sec. 801. First Responder Hazard Pay Premiums

Requires appropriation to be used for payment or reimbursement of first responder hazard pay premiums provided to first responders who performed hazardous duty or work related to COVID-19; lists eligible first responders as law enforcement officers, firefighters, emergency medical technicians, paramedics, 9-1-1 operators, local unit of government corrections officers, airport public safety officers, volunteer fire, and eligible personnel associated with ambulance operations; prohibits more than \$5.0 million to be awarded to any applicant; caps the reimbursement amount at \$1,000 per eligible employee; requires the department to report on grants awarded; designates unexpended funding as a work project appropriation.

Sec. 802. Teacher COVID-19 Grants

Requires \$53.0 million appropriation to be distributed as equal payments to eligible K-12 classroom teachers who teach in a public school or nonprofit nonpublic school; caps payments at \$500 per full-time equated teacher; authorizes the department to retain up to 0.5% for administration.

Sec. 803. Local Units of Government

Requires appropriation to be used to reimburse counties, cities, villages, townships, and authorities for eligible public safety and public health payroll expenditures under the federal CARES Act; lists process to follow for applying for and receiving grant funding; designates unexpended funding as a work project appropriation. Revised to state that eligible unit includes those that did not receive a direct allocation from the Coronavirus Relief Fund (current law incorrectly references direct allocation under entire CARES Act).

TREASURY – REVENUE SHARING

Sec. 804. City, Village, Township, and County Revenue Sharing Reduction

Requires the Department of Treasury to reduce City, Village, and Township Revenue Sharing, County Revenue Sharing, and County Incentive Program payments by an amount equal to the sum of each eligible local unit's August payment.

FY 2019-20 Supplemental Boilerplate Items

Sec. 805. Coronavirus Relief Local Government Grants

Requires appropriation for Coronavirus Relief Local Government Grants to be distributed proportionate to the size of the August revenue sharing payment reduction. More specifically, the proportionate share is an amount equal to the percentage the August payment under Section 952 and Section 956 of 2019 PA 56 for the eligible city, village, township, and county is to the total August payment for all eligible cities, villages, townships, and counties under Section 952 and Section 956 of 2019 PA 56 multiplied by \$150.0 million. Requires local units of government receiving funds to spend the funds in accordance with the CARES Act; requires local units to report expenditures to the Department of Treasury; specifies that if a local unit of government expends the funds in a manner prohibited by the CARES Act the funds must be repaid to the Department of Treasury; authorizes local units to accrue payments received to their immediately preceding fiscal year.

Sec. 806. Local Government Payment Intercept

Authorizes the appropriation of state funds to one or more local units of government if the following circumstances are met: revenue is needed to satisfy a local unit's debt service or debt service set aside obligation through a state aid revenue sharing intercept agreement entered into before July 1, 2020; the amount of the appropriated revenue does not exceed the amount of sales tax revenue the local unit was scheduled to receive in August 2020 under the statutory revenue sharing provisions prior to reductions in these programs; and the local unit agrees to return to the state the full amount of the appropriation from any legally available funds. If the local unit has insufficient funds, the state treasurer would be required to establish as a receivable in the current fiscal year the amount of unreturned revenue and to recoup the revenue from future revenue sharing payments.

REPEALERS

Sec. 900. Repealers

(1) Repeals Sections 752, 753, and 754 of 2020 PA 66.

(2) Repeals Sections 251, 301, and 303 of 2020 PA 67.

(3) Repeals Sections 503, 601, and 604 of 2020 PA 123 and replaces them with Sections 502, 801, and 803 of this bill.