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Senate Bill 36 (Substitute S-2)  
Sponsor: Senator Jim Stamas  
Senate Committee: Appropriations

Date Completed: 4-28-21

### **CONTENT**

The substitute for the supplemental includes most of the remaining Federal money recommended by the State Budget Office (SBO) from the December 2020 Federal COVID-19 Economic Relief Bill, including the remaining COVID-19 testing (\$347.3 million), emergency rental assistance (\$378.3 million), and Transportation funding (\$387.1 million) from that Federal bill. The supplemental would include half of the SBO request for the Food Assistance Program (\$726.4 million). The bill also includes a number of other Federal funds including Superfund cleanup, immunization and vaccine support, substance use disorder, mental health, pharmaceutical rebate revenue, and Federal Emergency Management Agency disaster assistance.

The largest single item in the bill is the \$1,433.9 million in Federal funding for child care provider support and tuition reduction. This line reflects day care funding both from the December 2020 Federal bill as well as the March 2021 Federal American Recovery Plan bill.

The substitute includes Restricted remediation funding (\$5.0 million) for underground storage tanks, \$9.4 million in AIDS drug rebate revenue, and \$4.9 million in School Aid revenue to support school-based adolescent health clinics.

The substitute has a limited number of General Fund/General Purpose (GF/GP) items including an increase in the foster care qualified residential treatment program rates (\$4.2 million Gross, \$3.9 million GF/GP), the beginning of a certified community behavioral health clinic pilot (\$6.6 million Gross, \$1.2 million GF/GP), and \$21.0 million Gross and GF/GP to purchase Venture Michigan Fund vouchers to offset future costs.

The substitute includes \$100.0 million Gross (\$30.0 million GF/GP) for grants to skilled nursing facilities to help cover revenue losses incurred because of reduced facility census during the COVID-19 pandemic. The substitute also includes \$160.0 million Gross and Federal (from the March 2021 Coronavirus State Fiscal Recovery Fund) to make payments to hospitals based on their respective share of inpatient Medicaid revenue to help offset COVID-19 costs and revenue losses for hospitals.

**Table 1**

<b>FY 2020-21 Supplemental Appropriations</b>				
<b>Budget Area</b>	<b>Gross</b>	<b>Federal</b>	<b>Other</b>	<b>GF/GP</b>
Education	\$1,433,864,300	\$1,433,864,300	\$0	\$0
DEGLE	15,000,000	10,000,000	5,000,000	0
Health/Hum Svcs	1,223,955,700	1,170,434,100	18,305,200	35,216,400
Judiciary	1,126,800	260,000	866,800	0
Labor/Econ. Opp.	378,324,900	378,324,900	0	0
Military/Veterans Affairs	27,300	27,300	0	0
State Police	46,380,600	46,380,600	0	0
Technology/Mgt/Budget	21,000,000	0	0	21,000,000
Transportation	387,074,400	387,074,400	0	0
<b>TOTAL</b>	<b>\$3,506,754,000</b>	<b>\$3,426,365,600</b>	<b>\$24,172,000</b>	<b>\$56,216,400</b>

**FISCAL IMPACT**

The bill provides fiscal year (FY) 2020-21 line-item appropriations of \$3,506.8 million Gross, \$3,426.4 million Federal, and \$56.2 million GF/GP. Most of the funding reflects Federal dollars from the December 2020 Federal COVID-19 bill and day care funding from the March 2021 Federal American Recovery Plan legislation. There also is funding for hospitals and nursing homes to help cover COVID-19-related financial issues for those institutional providers. The bill includes significant funding for transportation, including \$93.5 million for cities and villages and \$167.8 million for county road commissions. [Table 2](#) summarizes the details of the appropriations in the supplemental.

**FY 2020-21 BOILERPLATE LANGUAGE SECTIONS-PART 2**

**Sec. 201. General.** Records amount of total State spending and payments to local units of government.

**Sec. 202. General.** Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

**Sec. 203. General.** Directs that, if the State Administrative Board transfers funds appropriated in the Act, the Legislature may, by concurrent resolution requiring a majority vote in each chamber, transfer funds within a particular department, board, commission, officer, or institution.

**Sec. 301. Education.** Governs the expenditure of Federal child day care funding. Requires the Department of Education to establish a child care provider support and tuition reduction grant program. Allows licensed child care providers to receive monthly grants from the program to support operation expenses. Requires providers to provide the Department information necessary to award grants. Directs that monthly grants include \$3,000 per child care center provider, \$1,500 for group home providers and registered family home providers, \$400 for children under three and \$300 for children three and over for those children who attended or for whom the family was charged for at least two days during the month (capped at the capacity of the provider), and \$50 per child for those who attended or for whom the provider was reimbursed. Requires, as a condition of receiving the funding, that providers ensure that at least 50% of the funding be used to reduce tuition and fees or co-pays charged to families. Directs the Department to bar violators of the 50% requirement from future funding. Allows up to 1.0% of the funding to be used by the Department for administrative costs. Requires the Department to take reasonable steps to distribute grants within 15 business days after receiving an application unless the provider fails to meet the requirements

described in the section. Directs the Department to provide monthly status reports within 15 days of the end of each month. Requires the Department to provide notice and information to all licensed providers on how to apply for the grants and program requirements. Directs the Department to take all reasonable steps to avoid fraud and ensure discounts are provided to families. Requires providers to maintain records on billing and refunds for at least four years for auditing purposes. Directs that, if appropriated funds are not sufficient, that funding be prorated. Requires a monthly status report from the Department to the State Budget Office, the Appropriations committees, and the fiscal agencies including number of providers who applied for or received a grant in the previous month, the number of children by age and provider claimed by a provider, the total amount of grants, the amount remaining to support the program with a notice in case funding is insufficient for the next month, and the number of providers who became ineligible. Creates a work project for the funding.

**Sec. 401. Environment, Great Lakes, and Energy.** Creates a work project for the Superfund cleanup appropriation.

**Sec. 402. Environment, Great Lakes, and Energy.** Creates a work project for the Premcor remediation activities appropriation.

**Sec. 501. Health and Human Services.** Directs that, of the \$347.3 million in Federal COVID epidemiology and laboratory capacity grant, \$20.0 million be allocated to public and nonpublic K-12 schools and intermediate school districts for COVID-19 testing and \$20.0 million be allocated to the Department of Corrections for COVID-19 testing. Requires equitable distribution of funding to public schools, public school academies, intermediate school districts, and nonpublic schools. Creates a work project for the funding.

**Sec. 502. Health and Human Services.** Directs that the funding in the one-time unit for the Federal Substance Use Disorder Block Grant be distributed, pursuant to Federal law, rules, and regulations, to local public entities providing substance use disorder services and one private entity with a statewide contract to provide those services.

**Sec. 503. Health and Human Services.** Directs that the funding in part 1 for the Federal Mental Health Block Grant be distributed, pursuant to Federal law, rules, and regulations, to local public entities providing mental health services and one private entity with a statewide contract to provide those services.

**Sec. 504. Health and Human Services.** Directs that the funding in part 1 for Hospital COVID-19 Grants be distributed to hospitals based on the hospital's percentage of total Medicaid inpatient revenue in the most recent calendar quarter for which information is available to help cover costs related to the COVID-19 pandemic.

**Sec. 505. Health and Human Services.** Directs that the funding in part 1 for Long-Term Care Facility Supports be used to provide a \$23 per day payment to skilled nursing facilities that have experienced a 5.0% or greater decline in Medicaid bed days in any of the first three calendar quarters of 2021 compared to the corresponding calendar quarter of 2019.

**Sec. 601. Labor and Economic Opportunity.** Directs that funding appropriated in part 1 for Emergency Rental Assistance be administered by terms set forth in Federal law authorizing the Federal Department of Treasury to make payments to recipients to be used to provide emergency rental assistance. Directs the Department of Labor and Economic Opportunity, the Department of Health and Human Services, the judiciary, community action agencies, nonprofit agencies, and legal aid organizations to collaborate to create a rental and utility assistance program. Directs that the rental assistance program operate in accordance with rules established by the Federal Department of Treasury to provide rent and utility assistance to preserve housing and avoid eviction. Creates a work project for the funding.

**Sec. 701. State Police.** Directs that the \$46.4 million appropriated in part 1 for FEMA disaster assistance be used only to cover payment requests submitted by the Department of State Police to the State Budget Office on March 26, April 2, April 9, and April 16, 2021.

**Sec. 702. State Police.** Appropriates \$100.0 million in Federal funds for emergency and disaster response and mitigation. Requires that funds not be available for expenditure until they have been transferred to another line item pursuant to the Management and Budget Act's provisions on legislative transfers.

**Sec. 801. Technology, Management, and Budget.** Directs the Department of Technology, Management, and Budget to pay a portion of outstanding monetary obligations owed by Venture Michigan Fund in return for surrender of all tax voucher certificates issued for the benefit of Stanton Equity Trading Delaware LLC. Includes stipulations that Venture Michigan borrowed funds pursuant to State statute, that prepayment of all obligations to Stanton Equity are made as provided in the loan agreement, that Venture Michigan contributes not less than \$120.0 million of the prepayment of all outstanding monetary obligations owed by Venture Michigan to Stanton Equity with the payment by the State Budget Director limited to the balance of all outstanding monetary obligations owed by Venture Michigan to Stanton Equity. Directs that if the amount in part 1 is insufficient to cover the portion to be paid by the State Budget Director that there is an additional \$1.5 million appropriated for that purpose. Directs that prepayment to Stanton Equity be conditioned on the surrender to the State Treasurer of all tax voucher certificates issued by the Venture Michigan Fund for the benefit of Stanton Equity. Directs that the prepayment of all obligations and surrender of tax vouchers occur by September 30, 2021. Directs that any unspent amount from the appropriation lapse to the General Fund. Directs the State Treasurer to destroy tax voucher certificates upon their surrender to the Department of Treasury.

**Sec. 901. Transportation.** Directs the State Trunkline Fund dollars appropriated to county road commissions and cities and villages be distributed in accordance with Public Act 51 of 1951.

**Sec. 902 Transportation.** Makes the Transportation funding to cities and villages contingent on the enactment of Senate Bill 394.

**Table 2**

<b>FY 2020-21 Supplemental Appropriations</b>				
<b>Department/Program</b>	<b>Gross</b>	<b>Federal</b>	<b>Local/Rest.</b>	<b>GF/GP</b>
<b>Education</b>				
Child care provider support/tuition reduction	<u>\$1,433,864,300</u>	<u>\$1,433,864,300</u>	<u>\$0</u>	<u>\$0</u>
<b>Total Education</b>	<b>\$1,433,864,300</b>	<b>\$1,433,864,300</b>	<b>\$0</b>	<b>\$0</b>
<b>Environment, Great Lakes, and Energy</b>				
Superfund cleanup	\$10,000,000	\$10,000,000	\$0	\$0
Premcor remediation activities	<u>5,000,000</u>	<u>0</u>	<u>5,000,000</u>	<u>0</u>
<b>Total Environment, Great Lakes, and Energy</b>	<b>\$15,000,000</b>	<b>\$10,000,000</b>	<b>\$5,000,000</b>	<b>\$0</b>
<b>Health and Human Services</b>				
Federal COVID testing contingency fund	(\$347,327,300)	(\$347,327,300)	\$0	\$0
Federal COVID epidemiology/lab/testing grant	347,327,300	347,327,300	0	0
COVID immunization and vaccine grant support	4,121,400	4,121,400	0	0
Chafee education and training vouchers	1,324,000	1,324,000	0	0
Federal FFPSA transition grant	15,622,000	15,622,000	0	0
Chafee foster care program	10,220,000	10,220,000	0	0
Foster care qual. resid. treat. program rate increase	4,208,100	309,600	0	3,898,500
Promoting safe/stable families	1,995,000	1,995,000	0	0
Federal minority health grant - CTF admin	450,000	450,000	0	0
Settlement monitor contract costs	110,000	17,100	0	92,900
Community-based child abuse prevention federal grant	100,000	100,000	0	0
Food assistance program	726,368,200	726,368,200	0	0
Food assistance program support costs (25 FTEs)	8,560,100	8,560,100	0	0
Certified community behavioral health clinic (6 FTEs)	6,555,000	5,330,000	0	1,225,000
Substance use disorder block grant	34,828,000	34,828,000	0	0
Mental health block grant	31,979,300	31,979,300	0	0
Federal State opioid response grant	36,440,900	36,440,900	0	0
State emergency grant for SUD/mental illness	2,860,000	2,860,000	0	0
EMS fee revenue	300,000	0	300,000	0
Federal lab services grants	715,000	715,000	0	0

<b>FY 2020-21 Supplemental Appropriations</b>				
<b>Department/Program</b>	<b>Gross</b>	<b>Federal</b>	<b>Local/Rest.</b>	<b>GF/GP</b>
AIDS drug rebate revenue (18 FTEs)	9,414,500	0	9,414,500	0
Federal violence prevention grant	2,370,000	2,370,000	0	0
Child and adolescent health care and centers	4,900,000	0	4,900,000	0
WIC vendor fines and penalties revenue	1,040,700	0	1,040,700	0
Congregate and home delivered meals	3,973,500	3,973,500	0	0
Aging nutrition services	3,500,000	3,500,000	0	0
Aging community services	1,000,000	1,000,000	0	0
Pharmaceutical services rebate processing	42,000,000	42,000,000	0	0
Tribal pharmacy services	7,000,000	6,350,000	650,000	0
Civil monetary penalty revenue	2,000,000	0	2,000,000	0
Grants to nursing homes	100,000,000	70,000,000	0	30,000,000
Grants to hospitals	<u>160,000,000</u>	<u>160,000,000</u>	<u>0</u>	<u>0</u>
<b>Total Health and Human Services</b>	<b>\$1,223,955,700</b>	<b>\$1,170,434,100</b>	<b>\$18,305,200</b>	<b>\$35,216,400</b>
<b>Judiciary</b>				
Judicial institute	\$45,000	\$0	\$45,000	\$0
Statewide e-file system	821,800	0	821,800	0
COVID-19 state court administrative office	<u>260,000</u>	<u>260,000</u>	<u>0</u>	<u>0</u>
<b>Total Judiciary</b>	<b>\$1,126,800</b>	<b>\$260,000</b>	<b>\$866,800</b>	<b>\$0</b>
<b>Labor and Economic Opportunity</b>				
Emergency rental assistance	<u>\$378,324,900</u>	<u>\$378,324,900</u>	<u>\$0</u>	<u>\$0</u>
<b>Total Labor and Economic Opportunity</b>	<b>\$378,324,900</b>	<b>\$378,324,900</b>	<b>\$0</b>	<b>\$0</b>
<b>Military and Veterans Affairs</b>				
MVFA coronavirus response activities	<u>\$27,300</u>	<u>\$27,300</u>	<u>\$0</u>	<u>\$0</u>
<b>Total Military and Veterans Affairs</b>	<b>\$27,300</b>	<b>\$27,300</b>	<b>\$0</b>	<b>\$0</b>
<b>State Police</b>				
Disaster assistance (FEMA)	<u>\$46,380,600</u>	<u>\$46,380,600</u>	<u>\$0</u>	<u>\$0</u>
<b>Total State Police</b>	<b>\$46,380,600</b>	<b>\$46,380,600</b>	<b>\$0</b>	<b>\$0</b>

<b>FY 2020-21 Supplemental Appropriations</b>				
<b>Department/Program</b>	<b>Gross</b>	<b>Federal</b>	<b>Local/Rest.</b>	<b>GF/GP</b>
<b>Technology, Management, and Budget</b>				
Venture Michigan fund voucher purchase	<u>\$21,000,000</u>	\$0	\$0	<u>\$21,000,000</u>
<b>Total Technology, Management, and Budget</b>	<b>\$21,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$21,000,000</b>
<b>Transportation</b>				
Trunklines: Fund source shift Federal/Restricted	\$0	\$261,308,800	(\$261,308,800)	\$0
Coronavirus response act (CRRSAA) general aviation	2,000,000	2,000,000	0	0
CRRSAA primary airports	68,000,000	68,000,000	0	0
CRRSAA highway cities and villages allocation	93,539,000	0	93,539,000	0
CRRSAA highway county road commission allocation	167,769,800	0	167,769,800	0
CRRSAA enhanced mobility seniors/disabled	339,400	339,400	0	0
CRRSAA rural areas	55,426,200	55,426,200	0	0
<b>Total Transportation</b>	<b>\$387,074,400</b>	<b>\$387,074,400</b>	<b>\$0</b>	<b>\$0</b>
<b>Total FY 2020-21 Supplemental Appropriations</b>	<b>\$3,506,754,000</b>	<b>\$3,426,365,600</b>	<b>\$24,172,000</b>	<b>\$56,216,400</b>

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.