



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4609 (as passed by the House)
Sponsor: Representative Steve Marino
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 4-10-18

CONTENT

The bill would amend the Emergency Management Act to increase the statutorily required minimum fund balance of the Disaster and Emergency Contingency Fund from \$1.0 million to \$2.5 million. The bill would retain the \$10.0 million cap on the Fund.

The bill is tie-barred to House Bill 4610, which would amend the Act to revise the cap on assistance grants to a county or municipality.

MCL 30.418

FISCAL IMPACT

While the Act requires certain appropriations to be made to an emergency fund for State and local costs of State and Federal disasters, the requirement is not an actual appropriation itself. Until FY 2010-11, the State had not made appropriations to the Disaster and Emergency Contingency Fund (DECF). Rather, when emergency costs were incurred, whether for direct State department costs in response to an emergency, for assistance grants to local units in the event of a declared State emergency, or to provide required State or local matching funds for Federal assistance in the event of a declared Federal disaster, the State had responded to these financial needs primarily through General Fund supplemental appropriations as needed. The exception to this practice began in July 2011, when the Legislature appropriated \$750,000 GF/GP to the DECF. Since then, \$2.0 million was appropriated to the Fund in FY 2013-14, \$4.0 million in FY 2014-15, \$10.0 million in FY 2015-16, \$4.0 million in FY 2016-17 and \$7.0 million to date in FY 2017-18.

Funds deposited into the DECF have been spent for various disaster and emergency purposes under a continuing boilerplate provision within the Department of State Police budget bills. Currently, this provision is found in Article XVI, Section 704(7) and (8) of Public Act 107 of 2017, as follows:

"(7) In addition to the funds appropriated in part 1, there is appropriated from the disaster and emergency contingency fund an amount necessary to cover costs related to any disaster or emergency as defined in the emergency management act, 1976 PA 390, MCL 30.401 to 30.421. Funds shall be expended as provided under sections 18 and 19 of the emergency management act, 1976 PA 390, MCL 30.418 and 30.419, and R 30.51 to R 30.61 of the Michigan Administrative Code.

(8) Funds in the disaster and emergency contingency fund shall not be expended unless the state budget director approves the expenditure and the department and the state budget office notify the senate and house appropriations committees. If expenditures are made from the disaster and emergency contingency fund during a month, the department shall submit monthly reports to the senate and house fiscal agencies detailing the purpose of the expenditures. These monthly reports shall be submitted within 30 days after the end of the month during which funds from the disaster and emergency contingency fund were expended."

A DECF revenue and expenditure history up to the start of FY 2017-18 is attached.

The DECF has a current balance of \$10.7 million which includes GF/GP appropriations of \$7.0 million. So far in FY 2017-18, disbursements of \$1.0 million have been made from the DECF for local costs associated with the Midland/Isabella/Bay/Gladwin County floods from the summer of 2017.

Fiscal Analyst: Bruce R. Baker

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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.

**Disaster and Emergency Contingency Fund
Revenue and Expenditure History
(Actual Dollars)**

<u>Revenue</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Total</u>
GF/GP Deposit	\$ 750,000.00	\$ -	\$ -	\$ 2,000,000.00	\$ 4,000,000.00	\$ 10,000,000.00	\$ 4,000,000.00	\$ 20,750,000.00
Common Cash Earnings	-	-	126.62	1,547.98	1,146.87	9,930.10	18,993.46	31,745.03
Refund PY Expenditures	-	-	-	-	-	9,015.96	234.06	9,250.02
Civil Service Assessment	-	(64.00)	-	-	-	-	(27,385.00)	(27,449.00)
Private Donations	-	-	-	-	-	-	120,000.01	120,000.01
Grants / Reimbursements	-	-	-	-	-	-	467,761.06	467,761.06
Total Revenue	\$ 750,000.00	\$ (64.00)	\$ 126.62	\$ 2,001,547.98	\$ 4,001,146.87	\$ 10,018,946.06	\$ 4,579,603.59	\$ 21,351,307.12
<u>Expenditure Summary</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Total</u>
Direct MSP/SEOC Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,689,471.93	\$ 1,069,425.68	\$ 2,758,897.61
Sec. 18 Assistance (State Agencies)	117,619.75	-	-	64,346.17	85,403.28	7,818,104.45	538,456.20	8,623,929.85
Sec. 19 Assistance (Municipalities)	123,768.12	-	-	-	2,490,576.14	497,314.11	2,066,454.23	5,178,112.60
Match for Federal Assistance	-	-	-	-	-	107,967.69	102,363.89	210,331.58
Treasury Investment Fees	-	-	-	-	-	500.00	300.00	800.00
Total Expenditure	\$ 241,387.87	\$ -	\$ -	\$ 64,346.17	\$ 2,575,979.42	\$ 10,113,358.18	\$ 3,777,000.00	\$ 16,772,071.64
Year End Fund Balance	\$ 508,612.13	\$ 508,548.13	\$ 508,674.75	\$ 2,445,876.56	\$ 3,871,044.01	\$ 3,776,631.89	\$ 4,579,235.48	\$ 4,579,235.48

Source: Department of State Police