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Senate Bill 748 (Substitute S-1 as passed by the Senate)

Sponsor: Senator Jim Stamas
Senate Committee: Appropriations
House Committee: Appropriations

Date Completed: 12-18-20

CONTENT

The supplemental would revise language included in fiscal year (FY) 2019-20 governing timelines for distribution of first responder hazard pay funding first included in Public Act 123 of 2020 by extending the timeline to December 29, 2020.

The supplemental would provide appropriations for FY 2020-21, largely to address funding needs and other issues related to the COVID-19 pandemic, including support for testing, aid to businesses and employees affected by shutdowns and underlying economic conditions, and certain boilerplate items. The bill would also include \$220.0 million in funding for an extension of unemployment benefits. These increased appropriations would total \$465.1 million Gross and \$443.3 million General Fund/General Purpose (GF/GP). Table 1 summarizes the FY 2020-21 appropriations in the supplemental.

Table 1

FY 2020-21 Supplemental Appropriations			
Budget Area	Gross	Federal	GF/GP
Capital Outlay	\$1,200	\$0	\$1,200
Health & Human Services	127,962,400	18,494,600	109,467,800
Labor & Economic Opportunity	278,500,000	0	278,500,000
Military & Veterans Affairs	2,859,000	0	2,859,000
Tech., Management & Budget	3,250,000	3,250,000	0
Transportation	0	0	0
Treasury	52,500,000	0	52,500,000
TOTAL	\$465,072,600	\$21,744,600	\$443,328,000

FISCAL IMPACT

The bill provides FY 2020-21 line-item appropriations of \$465.1 million Gross and \$443.3 GF/GP. 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. 204. General. Changes Budget Stabilization Fund language in original FY 2020-21 budget. Current language mandates that 100% of the FY 2019-20 GF/GP unassigned fund balance be appropriated to the Budget Stabilization Fund. The replacement language would remove this requirement.

Sec. 205. General. Directs that any Federal Coronavirus Relief Fund (CRF) dollars for which expenditures have not been incurred by December 30, 2020, and any interest earned from CRF dollars be unappropriated and reappropriated into the Unemployment Compensation Fund established in the Michigan Employment Security Act to support COVID-19 emergency costs incurred between March 1, 2020, and December 30, 2020. Requires a biweekly report beginning in mid-January on deposits to support unemployment benefits.

Sec. 301. Capital Outlay. Language stating legislative determination that leases of facilities from the State Building Authority financed construction authorizations are for a public purpose and stating the intent of the Legislature to annually appropriate sufficient amounts to pay rent as obligated pursuant to the leases.

Sec. 302. Capital Outlay. Directs that Capital Outlay funding for a new northern satellite psychiatric hospital be considered new planning authorization for a new facility at the former Kinross Correctional Facility.

Sec. 325. Education. Allocates up to \$10.0 million in Federal funds to reimburse child care providers for care provided to school-age children receiving the child care subsidy during the day if those children are enrolled in a virtual education program when that is the only option.

Sec. 351. Health and Human Services. Directs the Department to include healthcare quality improvement expenses as defined in Federal rules along with other administrative expenses and COVID-19 expenses in determining allowable medical expenses for purposes of the managed care risk corridor.

Sec. 352. Health and Human Services. Allocates \$22.55 million for coronavirus response activities for testing of vulnerable populations in nursing homes, adult foster care, homes for the aged, community testing sites, homeless and domestic violence shelters, and rapid/mobile response teams for hospitals and nursing homes. Includes the following allocations for COVID-19 testing: not more than \$3,333,000 for jail testing reimbursement and not more than \$3.4 million for antigen testing for public and nonpublic school employees.

Sec. 353. Health and Human Services. Allocates \$3,333,300 to reimburse hospitals for retaining COVID-19 positive skilled nursing facility residents.

Sec. 354. Health and Human Services. Allocates not less than \$15.0 million for purchase of supplies and equipment to support COVID-19 testing and vaccination efforts, including personal protective equipment, testing supplies, and dry ice.

Sec. 355. Health and Human Services. Allocates not less than \$48.7 million to establish sufficient health system capacity to manage the administration of COVID-19 vaccines to all Michigan residents through funding to local health departments and health care providers. Allows the use of up to almost \$2.7 million for administrative costs for the Department. Requires the use of these funds to follow Michigan COVID-19 vaccination interim prioritization guidance and Centers for Disease Control prevention recommendations. Bars the use of these funds to support a mandatory vaccination program.

Sec. 356. Health and Human Services. Allocates \$26.7 million GF/GP to continue the \$2.00 per hour wage enhancement first enacted in FY 2019-20 through February 28, 2021, with the same criteria for the wage enhancement that has been in place in the first three months of FY 2020-21.

Sec. 357. Health and Human Services. Allocates \$2.0 million to support an enhanced \$200 per day payment to Care Recovery Centers for COVID-19 patients operated by skilled nursing facilities.

Sec. 358. Health and Human Services. Creates a \$3,100 per five-day treatment course payment to hospitals that administer the COVID-19 medication Remdesivir in accordance with treatment protocols to Medicaid patients diagnosed with COVID-19 who are being served in an inpatient hospital setting.

Sec. 359. Health and Human Services. Allocates \$10.0 million to the Michigan Health and Hospital Association to distribute grants to hospitals and health systems to support temporary hospital staff, with no hospital or system being eligible for more than 20% of the funding and at least 25% of the funding going to rural hospitals.

Sec. 360. Health and Human Services. Requires a monthly report by the Department to the Appropriations Committees and the State Budget Director on the fiscal impact of any Federal enhancement in the Federal Medicaid match rate on GF/GP spending on Medicaid in the previous month for as long as the enhanced Federal match rate is in effect.

Sec. 401. Labor and Economic Opportunity. Allocates \$3.5 million to create a Michigan stages survival grants program to provide grants from the Michigan Strategic Fund through an organization representing entertainment venues to entertainment venues affected by the COVID-19 pandemic and emergency declarations. Allows the organization to retain up to 2.2% of the funding for administrative costs. Limits grants to \$40,000 per venue. Funding could be used only for working capital to support payroll, rent, mortgages, utilities, and reopening costs. Bars funding from being granted to the TCF Facility in Detroit. Requires the Strategic Fund to post on its website application materials, information, and criteria for the program. Requires a monthly report by the Strategic Fund to the Legislature on grants awarded in the previous month and a year-end report on all grants awarded. Defines eligible business as one that: 1) receives at least 33% of its 2019 Gross revenue from live music or entertainment ticket sales or receives at least 70% of its earned revenues through cover charges, ticket sales, production fees, nonprofit educational initiatives, or sale of beverages, food, and merchandise at events, 2) had revenue in the second quarter of calendar year 2020 that was no more than 10% of its revenue in the second quarter of calendar year 2019, 3) the live venue operator must not have majority ownership by an entity that is an issuer of securities listed on the national security exchange, ownership of venues in more than one country, ownership of venues in more than two states, or employ more than 30 individuals on a full-time basis, 4) must have been a Michigan-based business in existence on February 29, 2020.

Sec. 402. Labor and Economic Opportunity. Allocates \$55.0 million to the Michigan Strategic Fund to establish a small business survival grants program in consultation with the 15 local and nonprofit economic development corporations in the State. Grants would be provided to eligible businesses that have realized a significant financial hardship due to the Gatherings and Face Mask order issued by the Department of Health and Human Services in November 2020 and extended in December 2020. Grants would be approved by the economic development corporations in similar manner to the process used for small business relief grants in March 2020. The Strategic Fund would distribute the funds to the economic development corporations consistent with the process outlined in Public Act 123 of 2020 and the economic development corporations would be permitted to retain up to 5.0% of the funding for administrative costs. Grants would be available only to businesses with a

maximum of 100 employees, that are in industries affected by the November 2020 and December 2020 Gatherings and Face Mask order, that need working capital to cover business related expenses, demonstrate an income loss as a result of the Gatherings and Face Mask orders as determined by the local economic development organization, and are not live music and entertainment venues that are eligible for funds under Section 401. Grants would not exceed \$20,000 for businesses that were closed and \$15,000 for businesses that were partially closed. Funding could be used only for working capital to support payroll, rent, mortgages, utilities, and reopening costs. Funds not awarded by January 31, 2021, would revert to the Strategic Fund and would be reallocated to the economic development corporations by February 28, 2021, pursuant to the original guidelines. Requires the Strategic Fund to post on its website application materials, information, and criteria for the program. Requires a monthly report by the Strategic Fund to the Legislature on grants awarded in the previous month and a year-end report on all grants awarded.

Sec. 403. Labor and Economic Opportunity. Directs that the funding appropriated in part 1 for the Michigan unemployment compensation funds be used for the sole purpose of extending unemployment benefits from 20 to 26 weeks between January 1, 2021, and April 1, 2021. Requires that if Federal funds are available and expenditures are allowable under Federal law, then Federal funds must be spent before the expenditure of GF/GP appropriations and any GF/GP appropriations thus supplanted must revert to the General Fund.

Sec. 451. Military and Veterans Affairs. Directs that the funds appropriated in part 1 for Coronavirus Response Activities be allocated for coronavirus testing, protective measures at State veterans' homes, and State match for Michigan National Guard coronavirus response mission.

Sec. 501. Technology, Management, and Budget. Directs the Department to use the Coronavirus Response Activities funding in part 1 for such activities. Permits use of funding to support the COVID-19 Office of Accountability created in Executive Directive 2020-5.

Sec. 502. Technology, Management, and Budget. Directs the Department to conduct a pilot program for the purpose of reducing tail spend. Requires the Department to issue a request for proposal for a procurement system that is offered to the State at no cost, requests bids for all items in an automated way, tracks warranty information, and automatically updates the State inventory management system at the point of purchase. Creates a 12-month pilot program once the Department acquires a procurement system to request bids on all tail spend items. Requires the Department to use the new system if it produces a lower price than the current system.

Sec. 504. Technology, Management, and Budget. Appropriates an amount not to exceed \$150.0 million for Federal contingency funds for COVID-19 testing and vaccine distribution. Funds would not be available for expenditure until transferred through the legislative transfer process outlined in the Management and Budget Act.

Sec. 551. Treasury. Directs that funding in part 1 for the Employee Assistance Fund be allocated to the Department to provide grants of up to \$1,650 to individuals employed in facilities affected by gathering restrictions if the employee a) is currently furloughed or laid off or has had employment hours reduced because of the Gatherings and Face Mask order of November 2020 that was extended in December 2020, b) indicates the percentage of income that was lost because of the order, with the grants adjusted to reflect the severity of individual losses, c) is a resident of Michigan, and d) has, in good faith, been negatively affected by the Gatherings and Face Mask order. Requires an application processing entity to develop the application review and determination process and to consult with any industry or statewide association representing Michigan industries affected by the Gatherings and Face mask orders to provide equitably distributed grants to individual affected employees. Requires the entity to

provide individual grant receipt information to the Department no later than February 28, 2021. Requires the Department to distribute grants to individuals based solely on the submission from the processing entity no later than 20 days after being provided individual grant recipient information. Bars the Department from imposing restrictions on the application process that are not included in the section. Requires the application processing entity to provide a report to the Legislature and the Executive branch by March 31, 2021, on the number of applications received, the total amount of grants awarded, and the number of individuals who received grant funding. Requires the Department to provide at least \$100,000 to the application processing entity and to provide up to \$500,000 to the Michigan Restaurant and Lodging Association for costs incurred in operating the hospitality relief fund that received funding in Public Act 123 of 2020.

Sec. 552. Treasury. States that funds appropriated in part 1 for Property Tax Deferral Debt Services Costs may not be spent unless Senate Bill 943 is enacted into law and limits use of the appropriation to costs associated with implementation of the enacted bill.

Sec. 553. Treasury. Allocates \$2.5 million appropriated for Teacher COVID-19 Grants for equal payments to eligible Great Start Readiness Program, Head Start, special education for individuals aged 18-26, and adult education teachers who teach in a public school or non-profit non-public school. Directs that grants be up to \$500 per full-time equated eligible teachers, with amounts prorated for teachers whose work time is less than full-time equated. Allows the Department to retain up to 0.5% of the funding for costs to administer the grant program. Defines eligible teacher as one who 1) before the issuance of Executive Order 2020-35, performed at least 75% of his or her standard instructional workload in a brick and mortar classroom, 2) developed, subsequent to the issuance of Executive Order 2020-35, tools and methods to deliver distance learning, take-home packets, or other methods described in the district or school's continuity of learning plan, and 3) certifies to the district that he or she worked additional time outside of normal working hours, experienced hazardous conditions, or incurred additional costs related to ensuring students could effectively participate in their school's continuity of learning plan. Directs that, if funds allocated are insufficient to award the full amount, the Department reduce the grant by an equal proportion. Requires the Department to administer the program in the same manner as it administers Section 949p of Public Act 166 of 2020 and to distribute funds as soon as is feasible.

Sec. 601. Transportation. Directs the Department to adopt and transmit to the Federal government changes to the nonradioactive hazardous materials routing designation for the Ambassador Bridge expressed in the December 2012 report entitled "Hazardous Materials Routing Synopsis Report Wayne County: Proposed Recommendations".

Sec. 701. Repealer. Repeals Section 210 of Article 5 of Public Act 166 of 2020 (the allocation of GF/GP revenue to the Budget Stabilization Fund that would be replaced with Sec. 204 above).

FY 2019-20 BOILERPLATE LANGUAGE SECTIONS-PART 2A

Sec. 1201. General. Records amount of total State spending and payments to local units of government.

Sec. 1202. General. Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

Sec. 1203. 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. 1301. Treasury. Revises boilerplate language from Article 14 of Public Act 166 of 2020 that governs distribution of first responder hazard pay funding. Extends the deadline for reimbursing eligible individuals to December 29, 2020.

Sec. 1401. Repealer. Repeals Section 752 of Article 14 of Public Act 166 of 2020 (the first responder hazard pay language that would be replaced with Sec. 1301 above).

Table 2

FY 2020-21 Supplemental Appropriations			
Department/Program	Gross	Federal	GF/GP
Capital Outlay			
Saginaw Valley State - Brown Hall Renovation	\$100	\$0	\$100
Northern psychiatric facility	100	0	100
Ferris State - Center for Virtual Learning	100	0	100
Michigan Tech - H-STEM Engineering/Health Tech	100	0	100
Northern Michigan - Career Tech/Engineering Tech	100	0	100
Oakland University - South Foundation Hall	100	0	100
U-M Ann Arbor - Computer Science/Engin. addition	100	0	100
Western Michigan - Dunbar Hall	100	0	100
Delta College - Electronic Media Broadcasting	100	0	100
Glen Oaks - campus renovation	100	0	100
Henry Ford CC - Entrepreneur & Innovation Institute	100	0	100
Macomb CC - Skilled Trades/Advanced Tech Center	100	0	100
Total Capital Outlay	\$1,200	\$0	\$1,200
Health and Human Services			
Coronavirus response activities	\$22,550,000	\$550,000	\$22,000,000
Coronavirus vaccine strategy	51,334,700	0	51,334,700
Coronavirus testing and vaccination purchases	15,000,000	0	15,000,000
Temporary hospital staffing assistance	10,000,000	0	10,000,000
Long term care COVID-19 enhancement payments	2,000,000	0	2,000,000
GF funds to extend wage enhancement thru 2/28/21	100,000,000	73,333,300	26,666,700
Hospital retention of COVID positive LTC residents	3,333,300	0	3,333,300
Federal immunization grant	5,888,400	5,888,400	0
Additional Medicaid risk corridor savings	(100,000,000)	(75,000,000)	(25,000,000)
Positive/negative for managed care lines	0	0	0
Direct Medicaid payments for Remdesivir	17,856,000	13,722,900	4,133,100
Total Health and Human Services	\$127,962,400	\$18,494,600	109,467,800
Labor and Economic Opportunity			
Small business grants	\$55,000,000	\$0	\$55,000,000
Extension of unemployment benefits	220,000,000	0	220,000,000
Entertainment venue grants	3,500,000	0	3,500,000
Total Labor and Economic Opportunity	\$278,500,000	\$0	\$278,500,000
Military and Veterans Affairs			
Coronavirus response activities	\$2,859,000	\$0	\$2,859,000
Total Military and Veterans Affairs	\$2,859,000	\$0	\$2,859,000

FY 2020-21 Supplemental Appropriations			
Department/Program	Gross	Federal	GF/GP
Technology, Management, and Budget			
COVID-19 Office of Accountability	\$3,250,000	\$3,250,000	\$0
Total Technology, Management, and Budget	\$3,250,000	\$3,250,000	\$0
Transportation			
Positive/negative appropriation for planning services	\$0	\$0	\$0
Total Military Transportation	\$0	\$0	\$0
Treasury			
Employee assistance fund	\$45,000,000	\$0	\$45,000,000
Teacher COVID-19 grants	2,500,000	0	2,500,000
Property tax deferral debt services costs (SB 943)	5,000,000	0	5,000,000
Total Treasury	\$52,500,000	\$0	\$52,500,000
Total FY 2020-21 Supplemental Appropriations	\$465,072,600	\$21,744,600	\$443,328,000

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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.