



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 914 (as reported without amendment)
Sponsor: Senator Mike Nofs
Senate Committee: Appropriations

CONTENT

The bill would amend the Emergency Management Act to require funds to be appropriated to the State's Disaster and Emergency Contingency Fund (DECF) to maintain it at a maximum of \$10.0 million, rather than the current maximum of \$4.5 million.

The Act requires the Legislature to appropriate sufficient funds to maintain the Fund at a level not to exceed \$4.5 million and not less than \$1.0 million. While increasing the maximum, the bill would retain the \$1.0 million minimum.

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 recently, the State in general practice has not made appropriations to the 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 has 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.

The total amounts appropriated to the DECF are as follows:

Fiscal Year	Act or Transfer	Appropriation
2010-11	PA 83 of 2011	\$750,000
2013-14	PA 59 of 2013	2,000,000
2014-15	PA 6 of 2015	3,000,000
2014-15	Transfer 2015-6	1,000,000

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. For FY 2015-16, this provision is found in Article XVI, Section 703(7) and (8) of Public Act 84 of 2015, 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. No later than December 1, the department shall provide an annual report to the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget office on the use of the disaster and emergency contingency fund during the prior fiscal year."

The DECF has a current balance of \$3.6 million. Expenses related to the Flint water emergency are expected to exhaust this balance in FY 2015-16.

Currently in the FY 2016-17 budget process, the Governor has recommended a GF/GP appropriation to the Fund of \$6.0 million; the Senate has proposed \$5.5 million, and the House \$4.5 million.

Date Completed: 5-6-16

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