

House Bill 4047 (Substitute S-3 as passed by the Senate)

Sponsor: Representative Timothy Beson

House Committee: Appropriations

Senate Committee: Appropriations

Date Completed: 3-2-21

## **CONTENT**

The substitute for the supplemental would provide appropriations for fiscal year (FY) 2020-21, reflecting proposals to cover costs borne by businesses over the last year, to appropriate new Federal funding allocated to states in December 2020, to continue and enhance direct care worker hazard pay, and to make a base adjustment to the Food Assistance Program. The appropriations would total \$2,309.4 million Gross and \$632.0 million General Fund/General Purpose (GF/GP). Table 1 summarizes the FY 2020-21 appropriations in the supplemental.

**Table 1**

<b>Budget Area</b>	<b>Gross</b>	<b>Federal</b>	<b>GF/GP</b>
Health & Human Services	\$1,449,787,000	\$1,394,787,000	\$55,000,000
Labor & Econ. Opportunity	432,581,700	282,581,700	150,000,000
Treasury	427,000,000	0	427,000,000
<b>TOTAL</b>	<b>\$2,309,368,700</b>	<b>\$1,677,368,700</b>	<b>\$632,000,000</b>

## **FISCAL IMPACT**

The bill provides FY 2020-21 line-item appropriations of \$2,309.4 million Gross and \$632.0 million 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.** States legislative intent that a hiring freeze be imposed on State civil service, with a prohibition on hiring new State classified civil service employees and a prohibition on filling any vacant State classified civil service positions. Exempts internal transfers of employees within a department.

**Sec. 231. Corrections.** States intent of the Legislature that the Department of Corrections work with the Office of State Employer and the Michigan Corrections Organization to resolve

the issue of corrections officers and other affected field staff from having to spend personal sick and annual leave time for quarantine after close contact with an individual who may be infected with COVID-19. States intent of the Legislature that up to 80 hours of personal sick and annual leave time be restored for corrections officers and other affected field staff, consistent with Federal law, that were affected by employer-required quarantines. Requires a report by April 1, 2021, to the Department of Corrections Appropriations subcommittees, the fiscal agencies, and the State Budget Office on details of an agreed-upon resolution to this issue or an explanation why a resolution was not reached, with an estimate of the cost of restoring personal sick and annual leave time.

**Sec. 251. Health and Human Services.** Extends the COVID-19 direct care worker hazard pay adjustment from February 28, 2021, to September 30, 2021, and increases the enhancement from \$2.00 per hour to \$2.25 per hour, with the increase going to the same categories of workers covered under the increase in effect through February 28, 2021. Expands the workers eligible to include a \$2.25 per hour increase effective from March 1, 2021, to September 30, 2021, for employees of licensed adult foster care homes, licensed homes for the aged, and direct support employees and job coaches working in supported employment arrangements. Also expands the workers eligible to include a \$2.00 per hour increase effective from March 1, 2021, to June 30, 2021, for front-line workers employed by child caring institutions as defined in statute. Continues the same criteria on documentation, impact on average compensation, and the ability to decline the increase as was stated in past FY 2020-21 budget acts.

**Sec. 252. Health and Human Services.** Mandates that \$37.5 million of the funding in the Federal COVID Epidemiology and Laboratory Capacity Grant line item be used for grants to school districts, public school academies, intermediate school districts, and nonpublic schools for COVID-19 testing purposes. Mandates that \$20.0 million of the funding in the line be allocated for Michigan Department of Corrections testing. Mandates that \$25.0 million of the funding in the line be allocated for testing at licensed skilled nursing facilities. Requires the Department of Health and Human Services to work with the Department of Education to distribute grants to school districts and public school academies based on the most recent headcount data. Requires the two departments to notify, within five days of the bill's enactment, registered and approved nonpublic schools of the availability of grant funds for COVID-19 testing and to set up a grant process for those schools. Requires nonpublic schools to report headcount data to the Department of Health and Human Services within five days of the grant process's being open for application and requires the Department to approve the request. Directs that each schools and school districts covered under the section receive a grant equal to the headcount multiplied by \$50. Requires that intermediate school districts receive a grant equal to the staff headcount multiplied by \$50. Limits funding to schools to those schools that provide at least six hours per week (equating to an average of one day per week) of instruction in person. Limits funding to intermediate school districts to those intermediate school districts that have an average of all staff working in person at least one day per week at the intermediate school district or a constituent school district. Requires the two departments to work with all covered entities not later than 21 days after enactment of the bill. Permits use of the funds for testing for staff and students including teachers, counselors, administrators, support staff, aides, bus drivers, coaches, cafeteria staff, custodians, students playing contact sports, and other students as determined by the educational entity. Directs that if funds are not sufficient to cover a \$50 per headcount grant, grants must be prorated accordingly.

**Sec. 253. Health and Human Services.** Directs that the funding in part 1 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. 254. 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. 255. Health and Human Services.** Directs that one-third of the funding in the Federal COVID Immunization and Coronavirus Vaccine Grant Reserve Fund line item (\$36.7 million) be allocated to manage the administration of COVID-19 vaccinations. Directs that the remaining funding in the line be available for expenditure only after the State Budget Office submits a legislative transfer request and that transfer is approved under the Management and Budget Act. Requires that, before a transfer request is submitted, the Department of Health and Human Services demonstrate that appropriations for coronavirus vaccine strategy in Public Act 257 of 2020 have been spent and that the Department report to the Appropriations Committees, the fiscal agencies, and the State Budget Office on how the requested funds would be utilized.

**Sec. 256. Health and Human Services.** Directs the Department of Health and Human Services to report weekly to the Appropriations committees, the fiscal agencies, the policy offices, and the State Budget office on metrics used for calculating vaccine distribution to local health departments and enrolled providers and an analysis by county on how allocations were calculated, the number of vaccines distributed to health departments and providers the previous week, the estimated number of vaccines to be distributed to health departments and providers in the current week, the estimated number of vaccines to be distributed to health departments and providers in the next week, the number and estimated percentage of individuals vaccinated by vaccination phase, the number and estimated percentage of individuals residing or working in nursing homes vaccinated, the number and estimate percentage of individuals over the age of 65 vaccinated, and the total amount spent from the funding appropriate in part 1 for vaccination broken down by Federal and General Fund. Requires the reports in this section to be placed on a publicly accessible internet site.

**Sec. 257. Health and Human Services.** Requires the Department and Health and Human Services to report by April 1, 2021, to the Appropriations committees, the fiscal agencies, the policy offices, and the State Budget Office on the formula or detailed methodology used to distribute vaccines to health departments and providers, with an example of how the formula would distribute a total of 100,000 vaccines to each local health department and each enrolled provider. Requires notification to the same entities within one business day of any changes made to the formula or detailed methodology used to distribute vaccines, the rationale for the change, and an example of how the revised formula would distribute a total of 100,000 vaccines to health departments and providers. Requires a report to the same entities by April 1, 2021, on the advantages and disadvantages of incorporating a specific minimum or baseline number of weekly vaccines to be provided to each specific local health department and enrolled provider. Requires the reports in this section to be placed on a publicly accessible internet site.

**Sec. 258. Health and Human Services.** Requires the Department of Health and Human Services to expand its COVID-19 vaccine distribution to include independent pharmacy networks, specifically those in rural areas, within 30 days after enactment of the bill.

**Sec. 259. Health and Human Services.** Requires a recipient of a COVID-19 vaccine to be provided with information or be informed if and in what manner the development of the vaccine utilized aborted fetal tissue or human embryonic stem cell derivation lines.

**Sec. 261. Health and Human Services.** Makes the \$347.3 million Federal COVID Epidemiology and Laboratory Capacity Contingent Grant line in part 1 contingent on enactment of Senate Bill 1.

**Sec. 301. 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. 302. Labor and Economic Opportunity.** Allocates funding in the Emergency Rental Assistance – Administrative Costs line to be administered pursuant to Federal law.

**Sec. 303. Labor and Economic Opportunity.** Deposits \$150.0 million in the Unemployment Compensation Fund not later than May 1, 2021. Directs that if Federal funds are available and expenditures allowable under Federal law then expenditure of Federal funds must occur before the expenditure of General Fund, with the General Fund appropriations reverting to the State's General Fund.

**Sec. 401. Treasury.** Allocates \$300.0 million by the Department of Treasury to create and operate a property tax relief program. The program would provide grants to provide property tax relief for businesses that meet the definition of "afflicted business" in the State. Grants would be provided to afflicted businesses that have realized a significant financial hardship due to the COVID-19 emergency. "Afflicted business" is defined as an entertainment venue, an exercise facility, a food service establishment, a recreational facility or place of public amusement, a cosmetology or barber services provider, a nursery dealer or grower, an athletic trainer, a body art facility, or a hotel or bed and breakfast with the first four of those terms being defined as well. Recreational facility or place of public amusement would include amusement parks, arcades, bingo halls, bowling alleys, casinos, nightclubs, skating rinks, water parks, and trampoline parks. Grants could not exceed the cost of property taxes paid for entities that pay property taxes directly or 17% of lease costs for entities that are lessees. Afflicted businesses in operation on October 1, 2019, would receive a percentage of the maximum grant based on their 2020 reduction in gross receipts: those that certify at least a 50.0% reduction in gross receipts would receive the maximum grant, those that certify a 25.0% to 50.0% reduction in gross receipts would receive 75.0% of the maximum grant, those that certify a 10.0% to 25.0% reduction in gross receipts would receive 50.0% of the maximum grant, and those that certify a 5.0% to 10.0% reduction in gross recipients would receive 25.0% of the maximum grant. An afflicted business that started operations between October 1, 2019, and June 1, 2020, must receive 50.0% of the amount that it would have received if it had opened before October 1, 2019, if it can document that it was fully or partially closed because of a pandemic-related State order. Afflicted businesses must certify and attest under penalty of perjury that they were negatively affected by the pandemic and/or pandemic-related State orders. For businesses in operation on October 1, 2019, they must certify and attest that they had gross receipt losses of at least 5% for a calendar quarter in 2020 compared to the same calendar quarter in 2019. For businesses that were not in operation on October 1, 2019, but started operations before June 1, 2020, they must certify and attest that they were negatively affected by the closure or partial closure because of an executive order or Department of Health and Human Services order. Any afflicted business that falsifies certification under this section must forfeit any payments under this section or sections 402, 403, 404, and 405 of the bill. Allows for proration of payments if funding is not sufficient to make full payments to afflicted businesses. Any remaining funds after disbursement of grant rewards must revert to the General Fund. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021, and grants must be disbursed by June 1, 2021. Requires a monthly report to the Appropriations

Committees, the fiscal agencies, and the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2021.

**Sec. 402. Treasury.** Allocates \$55.0 million for unemployment insurance tax relief for eligible afflicted businesses to provide grants to those businesses. The maximum grant to the business would be equal to 50% of the amount of unemployment insurance taxes paid in the four most recent quarters and could be used only for working capital to support payroll, rent, mortgage, utilities, and reopening costs. Defines "afflicted business" as one that is in one of the categories outlined in Sec. 401 that paid unemployment insurance taxes at least one of the four preceding quarters. A grant to an entity that was open on October 1, 2019, would equal 100% of the maximum amount if an establishment had at least a 50% reduction in gross receipts during a quarter in 2020 compared to the same calendar quarter in 2019. A grant would equal 75% of the maximum amount if the reduction in gross receipts was 25% to 50%. A grant would equal 50% of the maximum amount if the reduction in gross receipts was 10% to 25%. A grant would equal 25% of the maximum amount if the reduction in gross receipts was 5% to 10%. A grant to an establishment that was not in operation on October 1, 2019, but started operations before June 1, 2020, would be half the maximum amount if the establishment can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Requires entities to certify and attest under penalty of perjury that they meet the qualifications of the section. Any afflicted business that falsifies certification under this section must forfeit any payments under this section and sections 401, 403, 404, and 405 in the bill. Allows for proration of payments if funding is not sufficient to make full payments to afflicted businesses and requires any unexpended amount to revert to the General Fund. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021, and grants must be disbursed by June 1, 2021. Requires a monthly report to the Appropriations Committees, the fiscal agencies, and the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2021.

**Sec. 403. Treasury.** Allocates \$16.5 million for an on-premise liquor license relief program to provide grants to eligible retail liquor establishments. Defines an eligible retail liquor establishment as one possessing an on-premise liquor license that can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Directs that grants not exceed the fees paid for a retail liquor license and that the grants be used only for working capital to support payroll, rent, mortgage, utilities, and reopening costs. A grant to an establishment that was open on October 1, 2019, would equal 100% of the maximum amount if an establishment had at least a 50% reduction in gross receipts during a quarter in 2020 compared to the same calendar quarter in 2019. A grant would equal 75% of the maximum amount if the reduction in gross receipts was 25% to 50%. A grant would equal 50% of the maximum amount if the reduction in gross receipts was 10% to 25%. A grant would equal 25% of the maximum amount if the reduction in gross receipts was 5% to 10%. A grant to an establishment that was not in operation on October 1, 2019, but started operations before June 1, 2020, would be half the maximum amount if the establishment can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Retail liquor establishments will be considered qualified if they certify, attest, and document that they paid retail liquor license fees in 2020. Requires the Department of Treasury to consider only whether the establishment paid retail liquor license fees in determining eligibility. States that any entity that falsifies certification must forfeit payments in this section and sections 401, 402, 404, and 405. Allows for proration of payments if funding is not sufficient to make full payments and requires that any remaining funds revert to the General Fund. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021, and grants must be disbursed by June 1, 2021. Requires a monthly report to the Appropriations Committees, the

fiscal agencies, and the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2021.

**Sec. 404. Treasury.** Allocates \$22.0 million for food service establishment license relief program to provide grants to eligible food service establishments. Defines an eligible food service establishment as one that can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Directs that grants not exceed the fees paid for a food service license or required inspection and that the grants be used only for working capital to support payroll, rent, mortgage, utilities, and reopening costs. A grant to an establishment that was open on October 1, 2019, would equal 100% of the maximum amount if an establishment had at least a 50% reduction in gross receipts during a quarter in 2020 compared to the same calendar quarter in 2019. A grant would equal 75% of the maximum amount if the reduction in gross receipts was 25% to 50%. A grant would equal 50% of the maximum amount if the reduction in gross receipts was 10% to 25%. A grant would equal 25% of the maximum amount if the reduction in gross receipts was 5% to 10%. A grant to an establishment that was not in operation on October 1, 2019, but started operations before June 1, 2020, would be half the maximum amount if the establishment can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Food service establishments will be considered qualified if they certify, attest, and document that they paid food law license fees and health department inspection fees in 2020. Requires the Department of Treasury to consider only whether the establishment paid those fees in determining eligibility. States that any entity that falsifies certification must forfeit payments in this section and in sections 401, 402, 403, and 405. Allows for proration of payments if funding is not sufficient to make full payments and requires that any remaining funds revert to the General Fund. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021, and grants must be disbursed by June 1, 2021. Requires a monthly report to the Appropriations Committees, the fiscal agencies, and the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2021.

**Sec. 405. Treasury.** Allocates \$11.5 million for a license and inspection fee relief program. Defines an eligible entity as one that is an entertainment venue, an exercise facility, a food service establishment, a recreational facility, a cosmetology or barber services provider, a nursery dealer or grower, an athletic trainer, a body art facility, or a hotel or bed and breakfast that can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Directs that the maximum grant equal the amount paid for a State license or inspection fees, excluding the amounts paid by on-premise retail liquor establishments or food service establishments. A grant to an entity that was open on October 1, 2019, would equal 100% of the maximum amount if an establishment had at least a 50% reduction in gross receipts during a quarter in 2020 compared to the same calendar quarter in 2019. A grant would equal 75% of the maximum amount if the reduction in gross receipts was 25% to 50%. A grant would equal 50% of the maximum amount if the reduction in gross receipts was 10% to 25%. A grant would equal 25% of the maximum amount if the reduction in gross receipts was 5% to 10%. A grant to an establishment that was not in operation on October 1, 2019, but started operations before June 1, 2020, would be half the maximum amount if the establishment can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Entities will be considered qualified if they certify and attest that they paid license and inspection fees in 2020. States that any entity that falsifies certification must forfeit payments in this section and sections 401, 402, 403, and 404. Allows for proration of payments if funding is not sufficient to make full payments and directs that any remaining funds after grants are made revert to the General Fund. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021, and grants must be disbursed by June 1, 2021. Requires a monthly report to the Appropriations Committees, the fiscal agencies, and

the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2021.

**Sec. 406. Treasury.** Requires the Department of Treasury to develop a combined application to satisfy the application requirements in Sections 401 through 405, separated into sections by program.

**Sec. 407. Treasury.** Allocates \$22.0 million appropriated in part 1 for Property Tax – Delinquent Tax Penalty and Interest Waiver only if the General Property Tax Law is amended to allow for the waiver of unpaid summer 2020 property taxes. Directs that the funds appropriated be used only to implement an amendatory bill for that purpose. Bars entities that were delinquent on property taxes in summer 2018 or summer 2019 from eligibility for payments. Creates a work project for the funding.

**Table 2**

<b>Department/Program</b>	<b>Gross</b>	<b>Federal</b>	<b>GF/GP</b>
<b>Health and Human Services</b>			
Vaccine distribution	\$110,239,800	\$110,239,800	\$0
COVID testing	207,500,000	207,500,000	0
COVID testing contingent fund	347,327,300	347,327,300	0
Food assistance program benefits	600,000,000	600,000,000	0
\$2.25 per hour direct care worker (thru 9/30)	150,000,000	95,000,000	55,000,000
Federal mental health block grant	15,989,700	15,989,700	0
Federal congregate and home delivered meals	1,330,200	1,330,200	0
Federal substance use disorder block grant	17,400,000	17,400,000	0
<b>Total Health and Human Services</b>	<b>\$1,449,787,000</b>	<b>\$1,394,787,000</b>	<b>\$55,000,000</b>
<b>Labor and Economic Opportunity</b>			
Deposit into UIA Trust Fund	\$150,000,000	\$0	\$150,000,000
Emergency rental assistance	220,302,200	220,302,200	0
Emergency rental assistance – admin. costs	62,279,500	62,279,500	0
<b>Total Labor and Economic Opportunity</b>	<b>\$432,581,700</b>	<b>\$282,581,700</b>	<b>\$150,000,000</b>
<b>Treasury</b>			
Property tax relief program	\$300,000,000	\$0	\$300,000,000
Prop. tax – delinq. tax penalty/interest waiver	22,000,000	0	22,000,000
Liquor license relief program	16,500,000	0	16,500,000
Unemployment insurance tax relief program	55,000,000	0	55,000,000
Food service license relief program	22,000,000	0	22,000,000
License/Inspection fee refunds	11,500,000	0	11,500,000
<b>Total Treasury</b>	<b>\$427,000,000</b>	<b>\$0</b>	<b>\$427,000,000</b>
<b>Total FY 2020-21 Supplemental Appropriations</b>	<b>\$2,309,368,700</b>	<b>\$1,677,368,700</b>	<b>\$632,000,000</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.