

Legislative Update



**NEW CHALLENGES.
NEW THINKING.**

**MICHIGAN COUNTIES
2020 ANNUAL CONFERENCE
AUGUST 18-27, 2020**

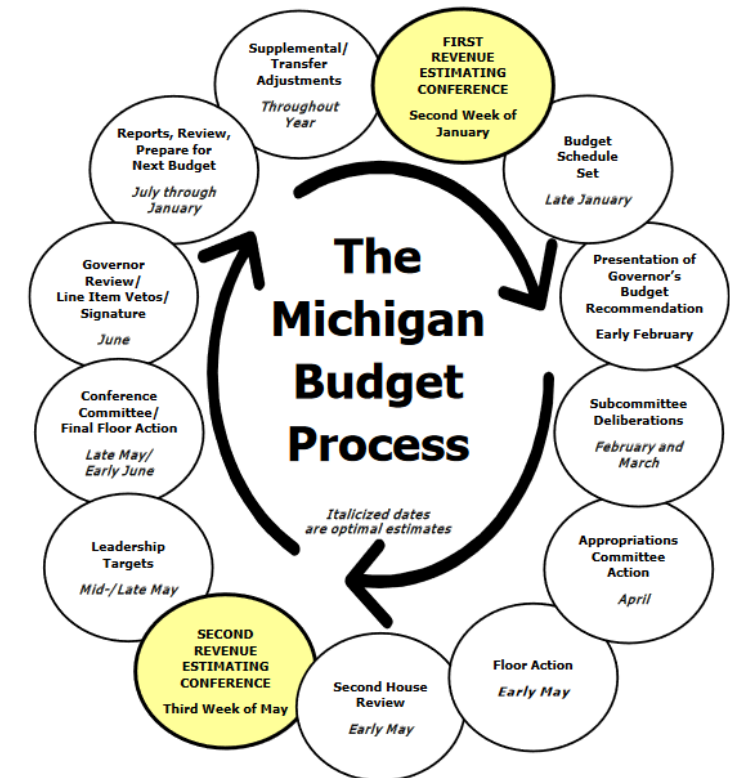
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FY20 Budget

- **\$2.2 billion General Fund deficit solved with mostly CARES Act replacement dollars**
- **Budget deal appropriated:**
 - \$100 million available to locals for Hazard Pay for First Responders
 - \$200 million for Public Safety and Public Health Payroll reimbursement
 - \$150 million to replace the \$97 million in August revenue sharing
- **\$350 million from the Rainy Day Fund**
- **\$483 million in cuts to state departments**
- **\$475 million in CARES Act money to Department of Corrections and Michigan State Police to supplant General Fund dollars**



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Hazard Pay

\$100 million available on first come, first served basis

Eligibility

- Law enforcement officers; EMTs; paramedics; 911 operators; local unit of government corrections officers; airport public safety officers; eligible personnel associated with ambulance operations; private EMTs and paramedics who contract with municipalities or hospitals, if the hazard pay premiums are paid through the applicant
- \$1,000 per person; maximum \$5 million to any one local unit
- Round 1 applications through Sept. 20, 2020
- Must be paid to eligible personnel by Sept. 30, 2020
- Payments from Treasury will go out no later than Nov. 14, 2020



Public Safety/Health Payroll Reimbursement

- **\$200 million for counties, cities, villages, townships - excluding Kent, Oakland, Macomb and Wayne counties**
- **Two rounds of payments based on how much is claimed during the first round – Treasury estimates almost the entire \$200 million will be claimed in the first round**

ROUND 1

- Expenses incurred during April and May 2020
- Distribution by Sept. 18, 2020

ROUND 2:

- If funds are still available after Round 1; Treasury will announce this in August
- Expenses incurred during April, May, June and July 2020
- Distribution by Nov. 7, 2020

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Public Safety/Health Payroll Reimbursement

Eligible expenses

- Payroll expenditures that have not or will not be reimbursed under the First Responder Hazard Pay Premiums Program (FRHPPP) or by any other federal funds
 - Overtime
 - Normal leave (sick and Vacation)
- Long-term leave and FMLA due to COVID-19
 - Hazard pay – cannot also request under the First Responder Hazard Pay Premiums Program
- Fringes
 - Employer-sponsored insurance premiums
 - Employer-paid payroll taxes
 - Employer retirement contributions



Public Safety/Health Payroll Reimbursement

Other key issues

- **If there are not enough appropriated funds, the reimbursement will be prorated based on a local unit's percentage of all the expenses submitted**
- **Contracts:**
 - Not reimbursement for same expenses by two different places
 - Example: If you provide services to township and been paid, you must reimburse those dollars to township with non-federal funds before applying for reimbursement from the CARES Act (same holds true for district health departments)





Public Safety/Health Payroll Reimbursement

Budgeted payroll expenses as of March 27, 2020

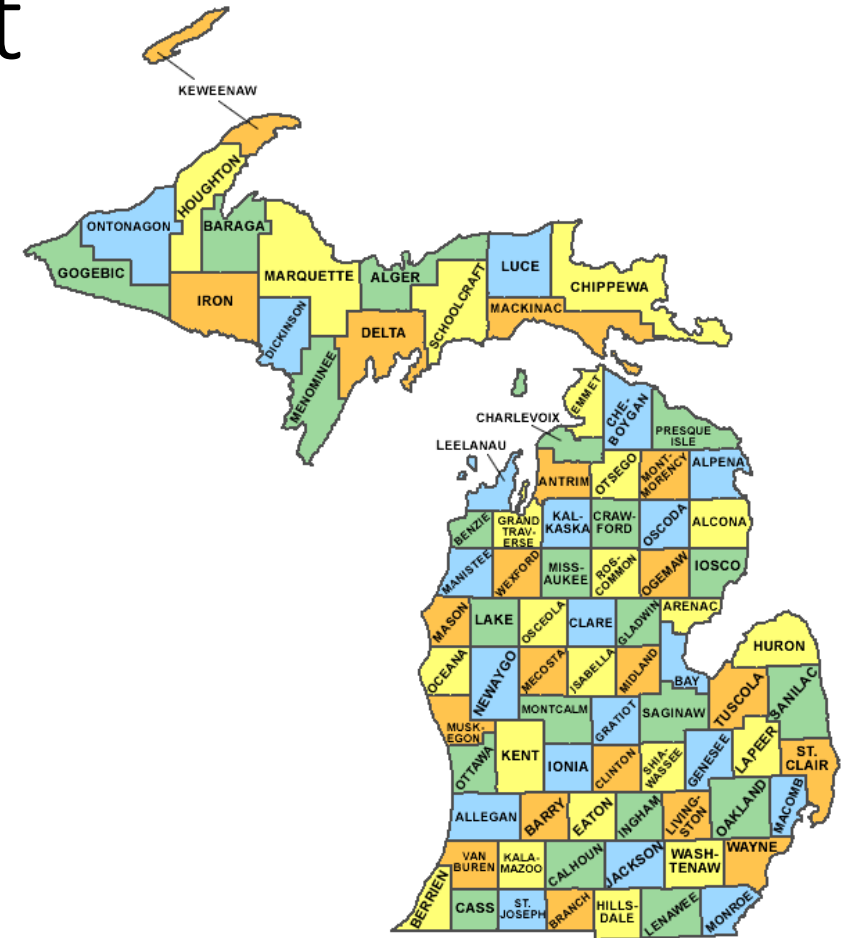
- Can be reimbursed
- Services must be “substantially dedicated” to responding to COVID-19 public health emergency (personnel diverted to a “substantially different” function, due entirely to COVID-19, to mitigating or responding to COVID-19 are allowable expenses)
- Jurisdiction defines its own thresholds of “substantial dedication” (maintain clear documentation of the justification for that decision)
- The state, in its own use of the CRF funding, is utilizing the public safety presumption that all payroll expenses are presumed to be related to mitigating the COVID pandemic

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August Revenue Sharing Payment

- Replaced with CARES Act \$\$
- The amount = 1.5 times the amount of each unit's payment
- Automatic distribution for those eligible for the August payment
- Funds must be allocated to COVID-related expenses, which can include public health and safety payroll expenses (June-September)
- All counties receiving RS payments will receive funds

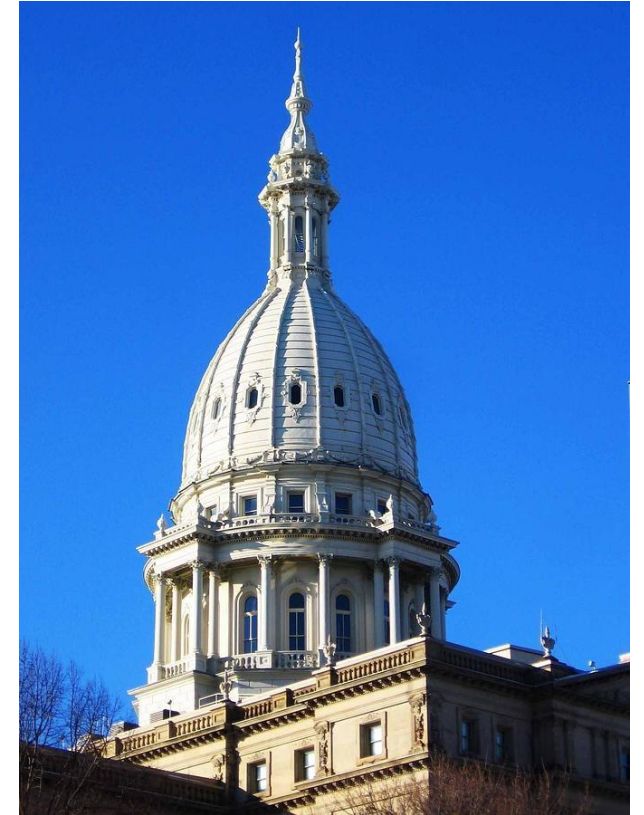


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FY21 Budget Outlook

- Aug. 24 Consensus Revenue Estimating Conference
- Originally anticipated \$3.1 billion deficit in General Fund
- Equated to 29% of General Fund
- July revenue estimates coming in higher than expected
- Newest projections show deficit of \$1B to \$1.5B or roughly 15% of the state's General Fund
- Large ticket policy items will also eat up more of the General Fund
 - Indigent defense
 - Expungement
 - Raise the Age



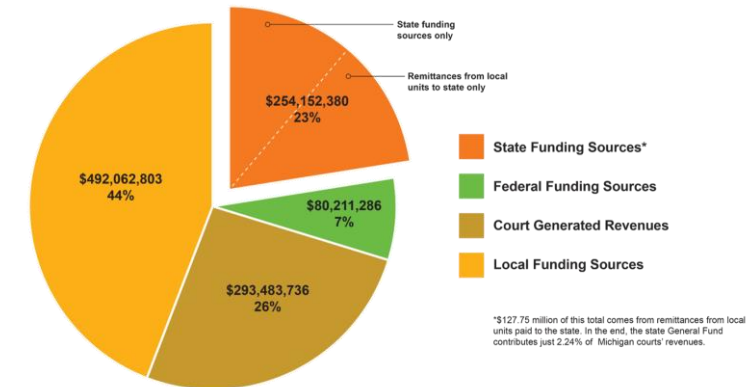
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Stable Court Funding

- **Local court operations = largest unfunded mandate on counties**
- **Trial Court Funding Commission says:**
 - Dedicated trial court fund & more equitable funding across courts
 - Uniform assessments/centralized collections to free court personnel from non-court work
- **MAC supports extension of October 2020 statutory sunset on court fee authority to ensure no disruption to court operations (HB 5488) – awaiting Senate floor action**
- **MAC supports a phased-in approach of the TCFC recommendations — so long as the statutory sunset is addressed**

CALCULATION OF TOTAL REVENUES PROVIDED TO COURTS BY UNITS OF GOVERNMENT



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Joint Task Force on Jail and Pre-trial Incarceration

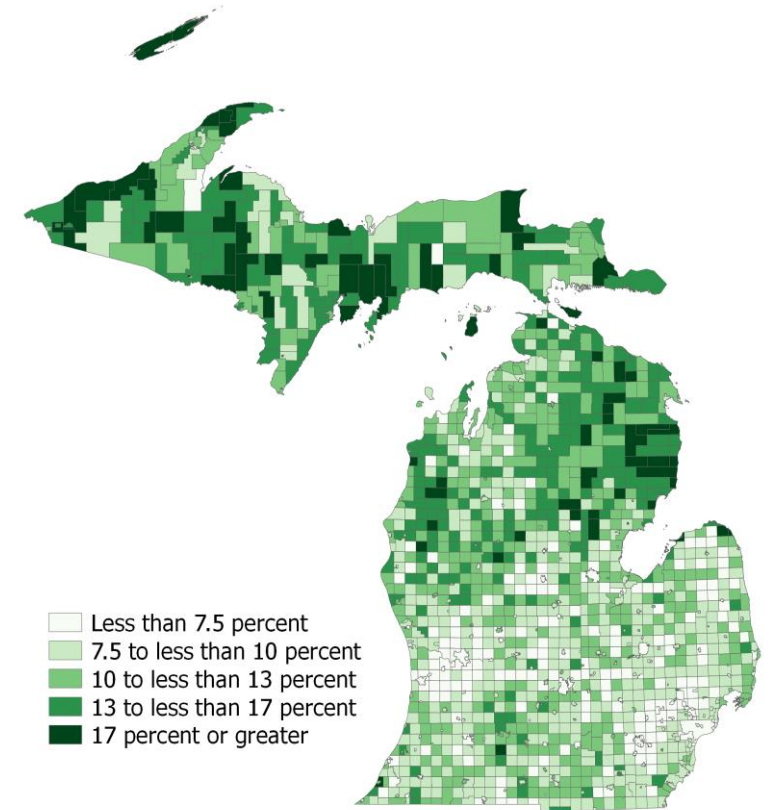
- Bicameral, bipartisan package of bills
- Eliminates driver's license suspension as a penalty for offenses unrelated to dangerous driving
- Increases the use of arrest alternatives at the front end of the system (i.e., citations)
- Prioritize alternatives to jail when sentencing people for low-level offenses
- Reduce jail admissions for people on probation and parole – the fifth most common reason for jail admissions
- MAC had 2 commissioners on the Task Force that drafted the final recommendations
- *MAC has not taken* a formal position on the bills as introduced yet
- Changes expected to legislation in September

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Veterans Service Fund

- **Legislation being drafted to address budget shortfalls, COVID-related issues and other implementation provisions**
- **MAC supports maintaining \$50,000 base amount to each county**
- **Seeking prior year maintenance of effort forgiveness due to local budget constraints**
- **Department seeking more flexible timeframe for administering grants due to internal audit provisions and allowing funds to be appropriated for department administration cost**



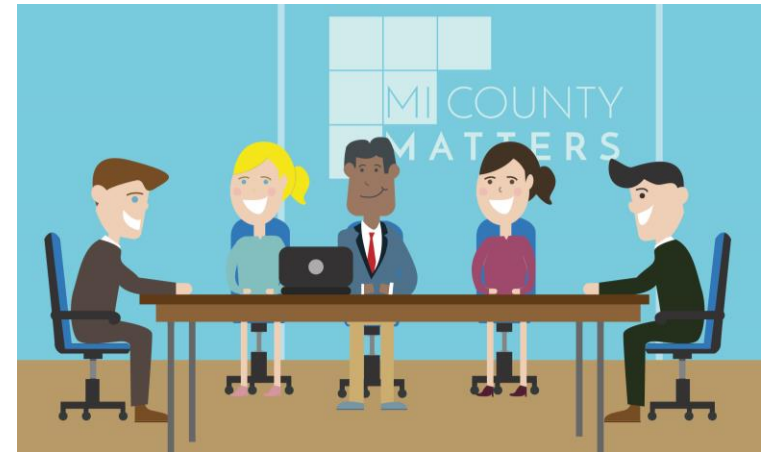
Veteran population by %

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Four-year Commissioner Terms

- Michigan is among only 5 states in nation that limit all commissioner terms 2 years
- All other elected county officials receive 4-year terms
- SBs 504-05 (Sen. McBroom, R-Dickinson), and HBs 4937 (Rep. Bollin, R-Livingston) and 4938 (Rep. Lightner, R-Jackson) create 4-year terms for commissioners
- MAC supports 4-year terms



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Materials Management Plans

- Six-bill package (HBs 5812-17)
- Establishes recycling goals – 30% of municipal solid waste by 2025
- Separate standards for different types of disposal areas and waste diversion centers; Increases fees to all privately owned and municipally owned facilities
- Requires solid waste haulers in urban areas to provide recycling services for single family residences; drop off centers in rural areas”
- Increases regulations on incinerators and the burning of yard waste
- Increases revenue to the Solid Waste Management Fund; Fund may be used for plan re-writes, ongoing grants for recycling programs; recycling market development and additional state costs
- Counties may work together, on their own, or allow local units and/or regional entities to write the plans

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HB 5623: Binding Arbitration

MAC opposes bill to extend binding arbitration to sheriff corrections deputies for these reasons:

- It usurps local control
- It imposes new financial burdens at time of fiscal crisis
- It drags out contract negotiations, which inhibits adequate (timely) budgeting
- It has potential to create greater disparities between bargaining units within each county
- It can worsen problem of unfunded liabilities



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Property Tax Foreclosures

- ***Rafaeli v Oakland County* decision (Michigan Supreme Court)**
 - Excess proceeds cannot be retained by the foreclosing governmental entity
 - Constitutes Unjust taking
- **Unclear financial implications across state**
 - Eligible costs
 - Statute of Limitations
 - Losses
 - Liability
- **MAC workgroup being convened to identify issues that need to be address and potential legislative changes to the process**



Questions?



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