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COVID-19 Updates and Resources for Local Governments

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Tuesday, September 8, 2020

COVID-19 Updates and Resources for Local Governments - Seventh Webinar

Tuesday, September 8, 2020
2 p.m. – 3:15 p.m.

I. Welcome & Introductions
Heather Frick, Bureau Director, Bureau of Local Government and School Services, Michigan Department of Treasury

II. Michigan Consensus Revenue Estimating Conference Update
Eric Bussis, Chief Economist and Director of the Office of Revenue and Tax Analysis, Michigan Department of Treasury
Bethany Wicksall, Director of Legislative and External Affairs, Michigan State Budget Office

III. CARES Program Updates: CRLGG, FRHPPP, PSPHPR
Eric Bussis, Chief Economist and Director of the Office of Revenue and Tax Analysis, Michigan Department of Treasury

IV. Local Government Unclaimed Property
Terry Stanton, Manager, Unclaimed Property, Michigan Department of Treasury

V. Question and Answer

VI. Closing Remarks
Heather Frick, Bureau Director, Bureau of Local Government and School Services, Michigan Department of Treasury

Welcome & Introductions

Heather Frick
Bureau Director,
Bureau of Local Government and School Services,
Department of Treasury

Michigan Consensus Revenue Estimating Conference Update

Eric Bussis,
Chief Economist and Director of the Office of Revenue and Tax Analysis,
Michigan Department of Treasury

Bethany Wicksall
Director of Legislative and External Affairs,
State Budget Office

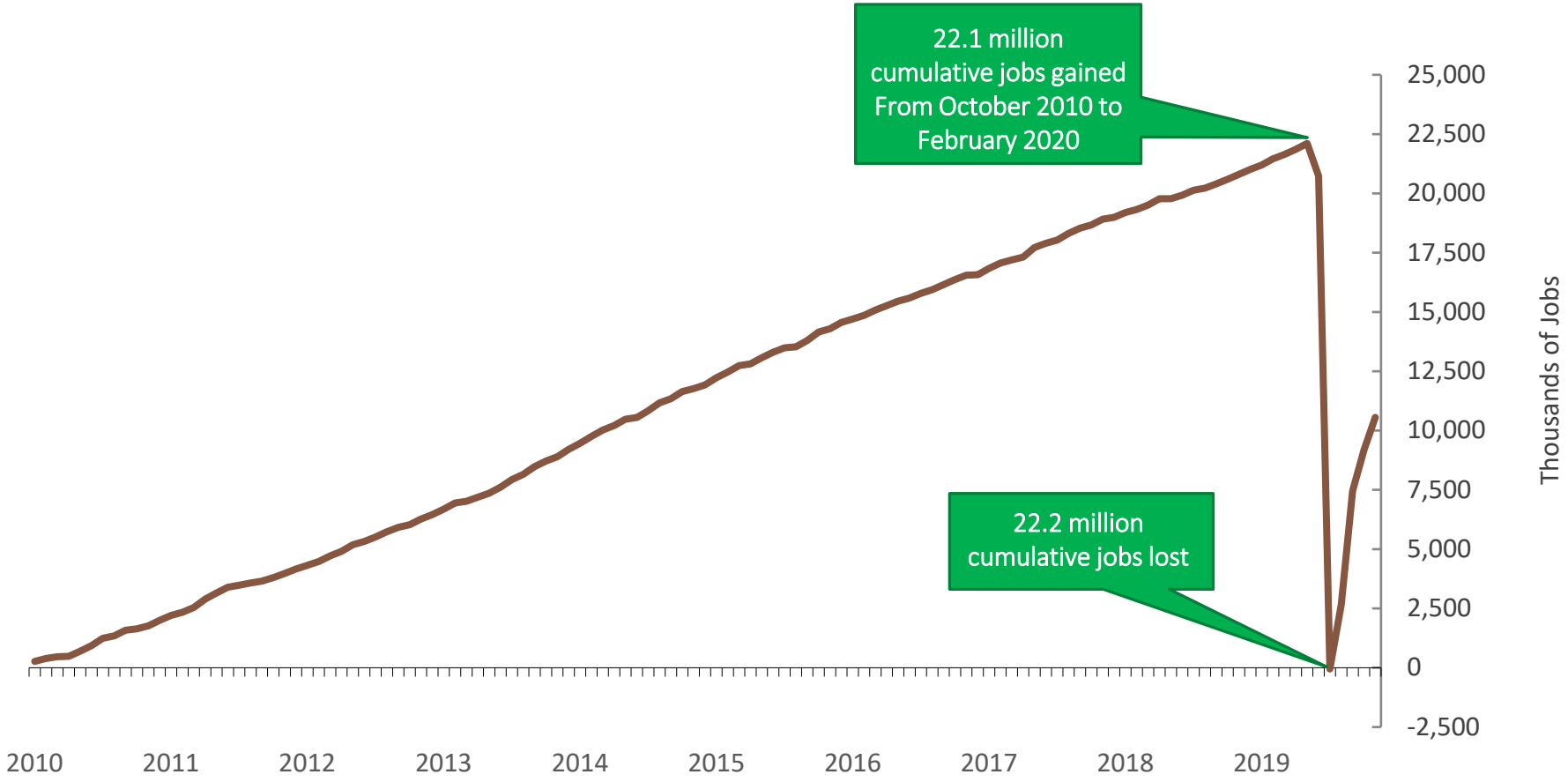
Michigan Consensus Revenue Estimating Conference Update

AUGUST 2020 CONFERENCE

Economy hit hard by COVID-19

Cumulative change in U.S. payroll employment

The cumulative job gains from October 2010 to February 2020 is just less than the cumulative job losses in March and April of 2020. Employment has gained back about half of the lost jobs from May to August.



Payroll employment is seasonally adjusted

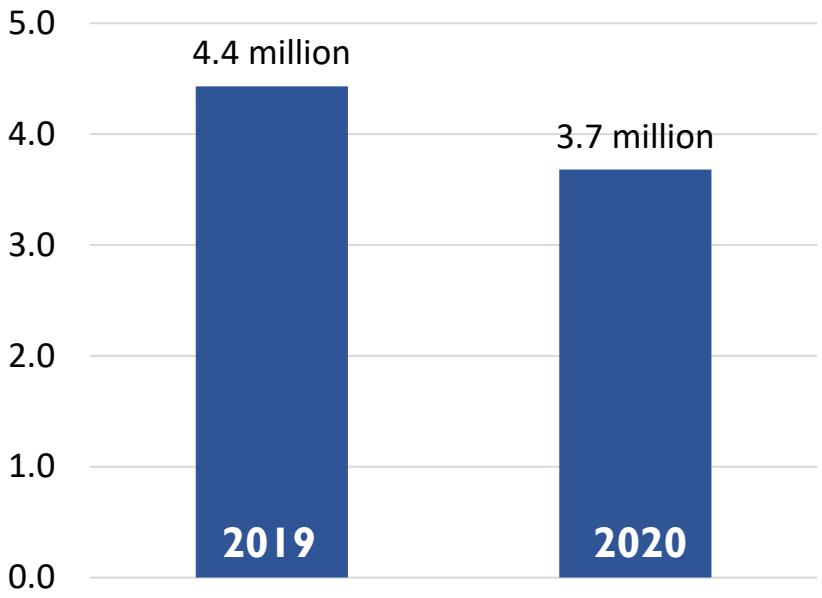
Source: U.S. Bureau of Labor Statistics, 9/4/2020.

Michigan Revenue Falls but by Less than Expected

Between April and July, key Michigan economic indicators have declined more than revenue

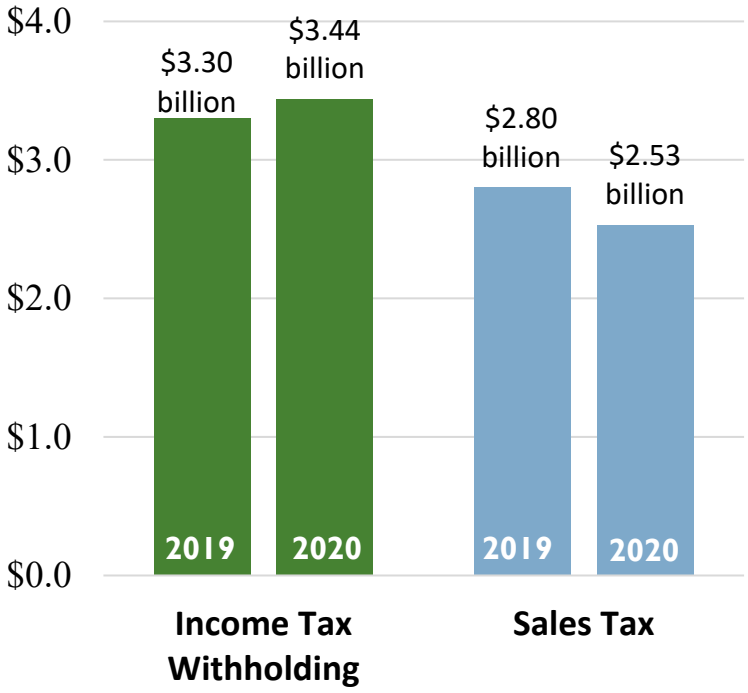
Michigan Payroll Jobs

Average from April to July
Down 743,000 jobs (-16.8%)



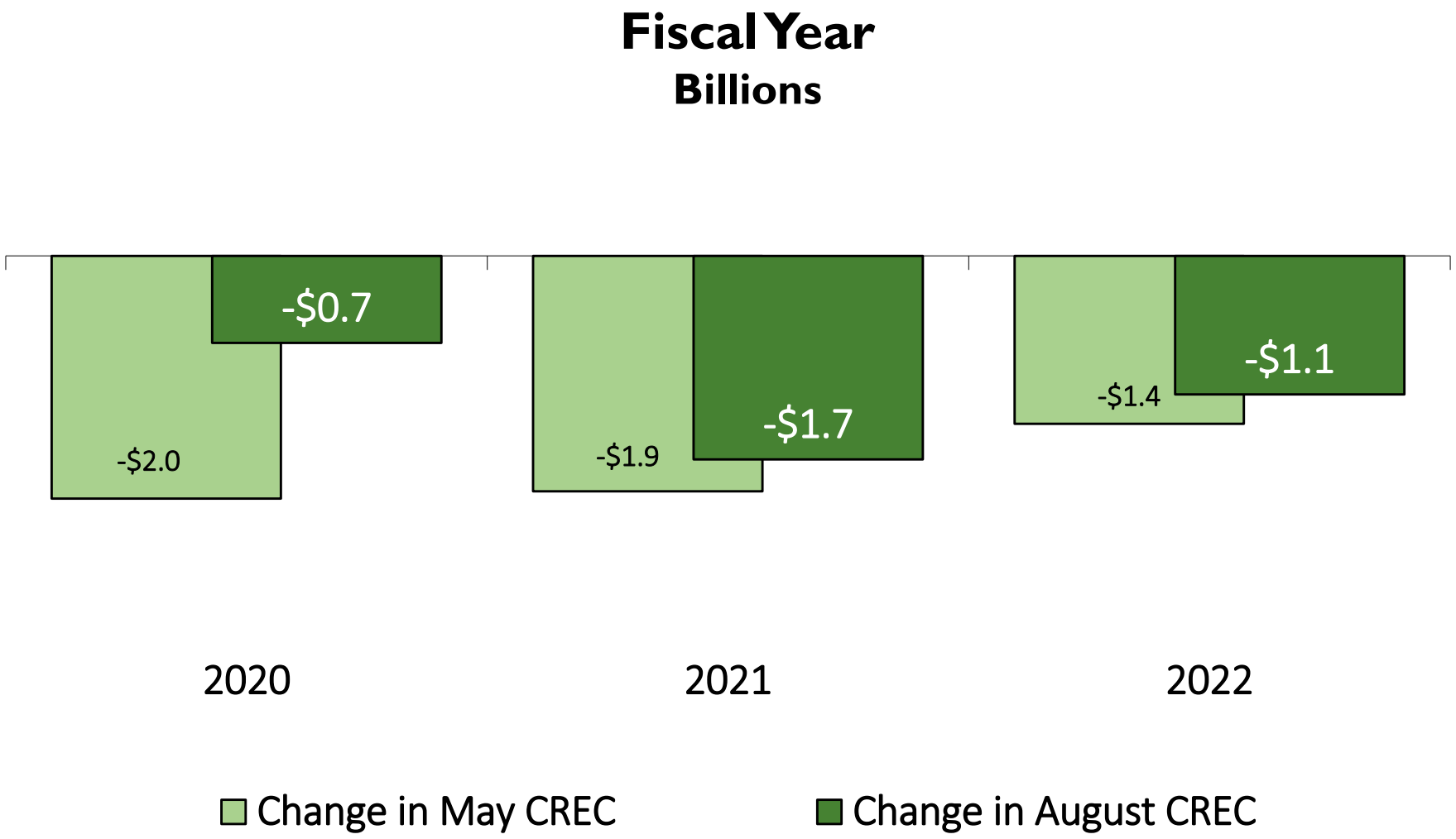
Michigan Tax Revenue

Withholding: $130 million (+3.9%)
Sales Tax: Down $270 million (-9.6%)



Source: Michigan Bureau of Labor Market Information and Strategic Initiatives; Michigan Department of Treasury

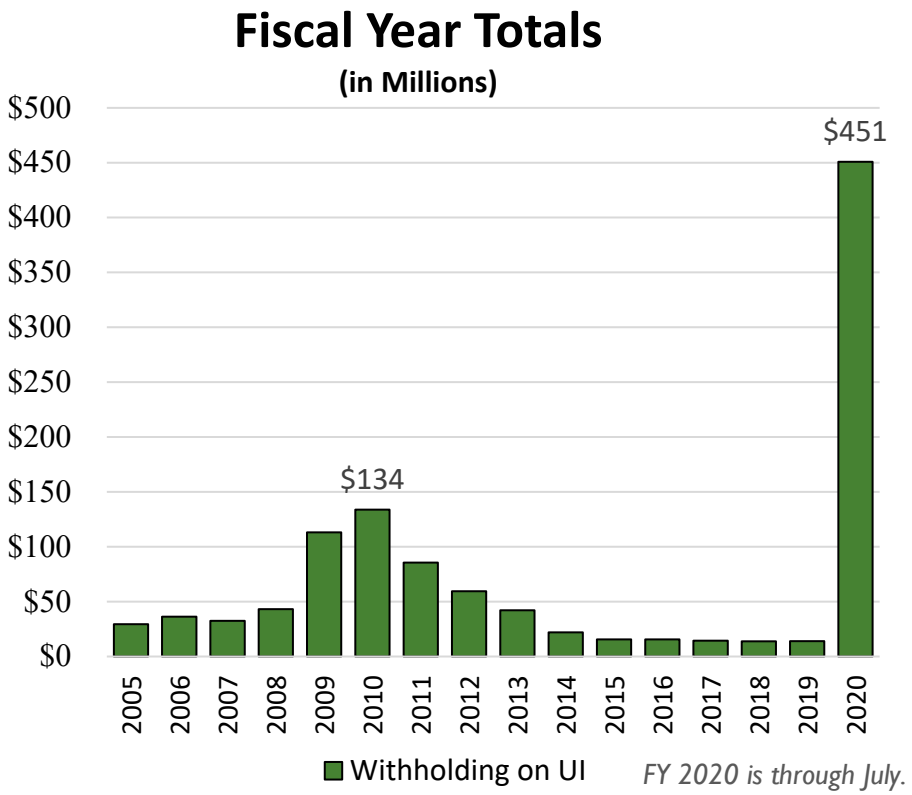
Change From January Consensus: General Fund-General Purpose

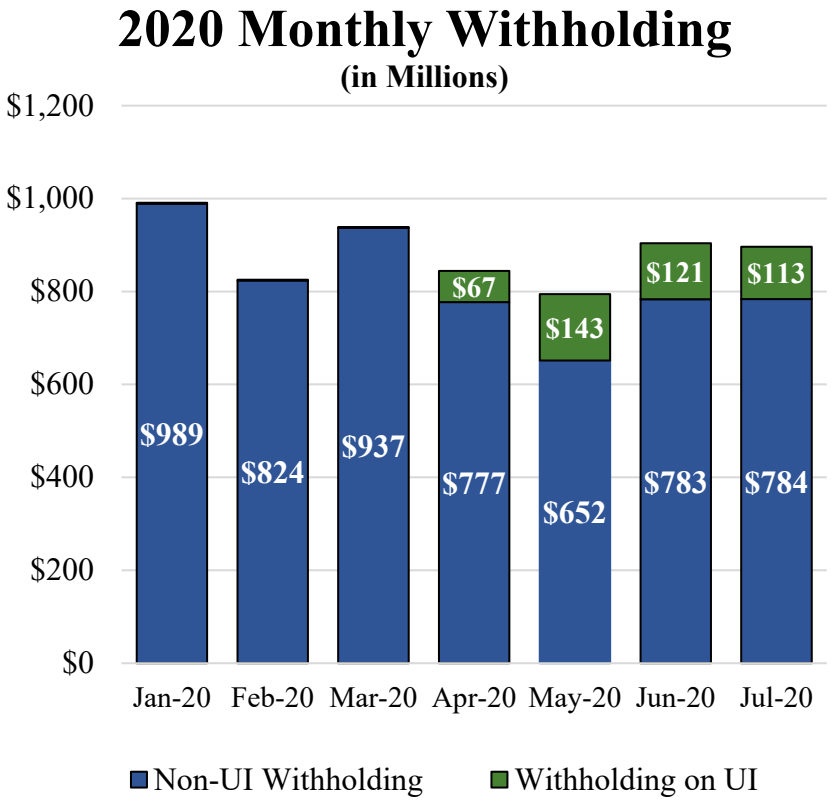


Withholding on Unemployment Benefits

Withholding on unemployment benefits in FY 2020 is over three times the level in FY 2009 or FY 2010. The support for withholding from unemployment benefits is completely unprecedented.

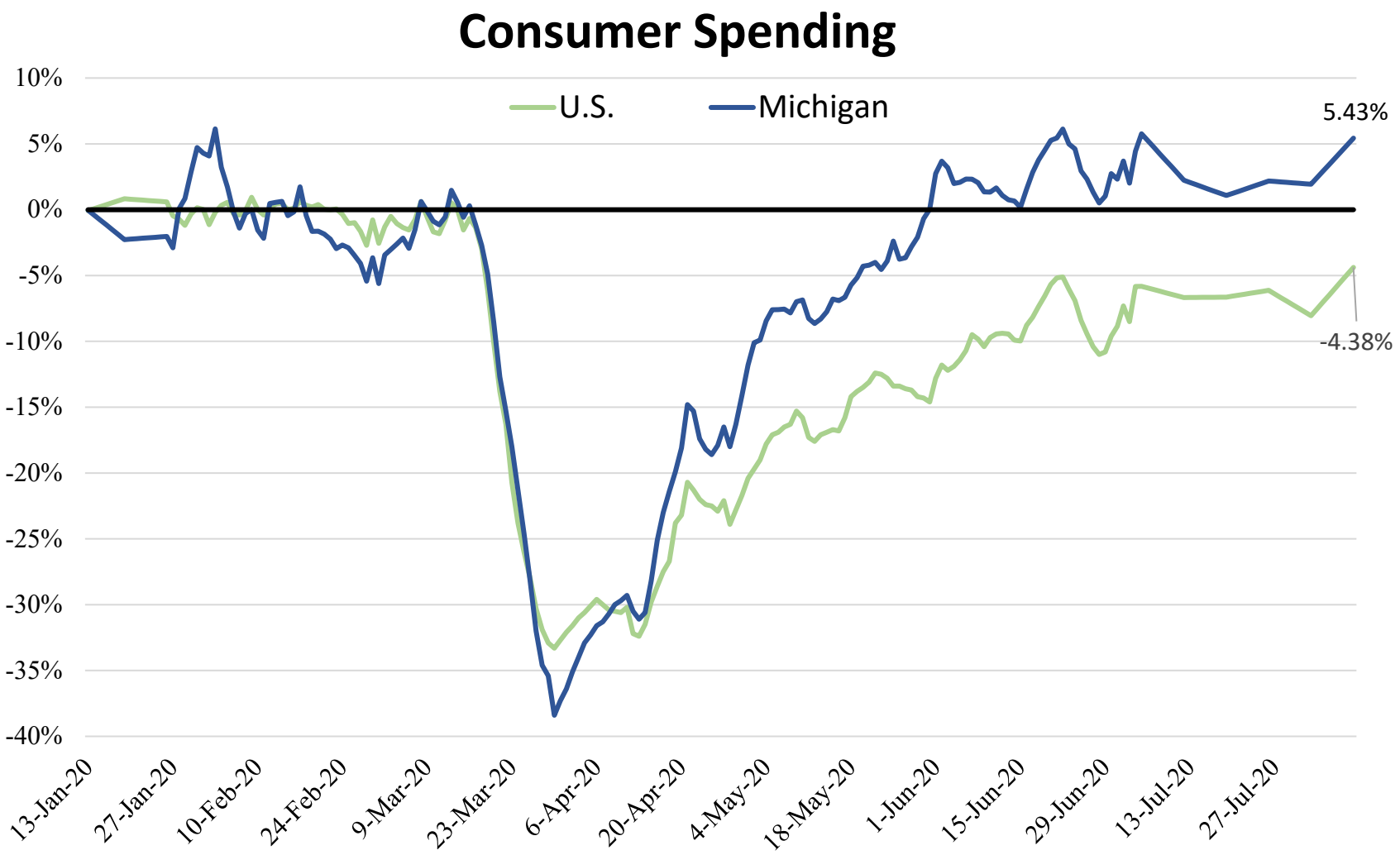
UIA withholding made up a significant portion of total withholding in the past four months, accounting for 18.0% in May. Historically, the highest level was 2.7% in February of 2010.





Source: Michigan Unemployment Insurance Agency

Michigan Consumer Spending More than U.S.



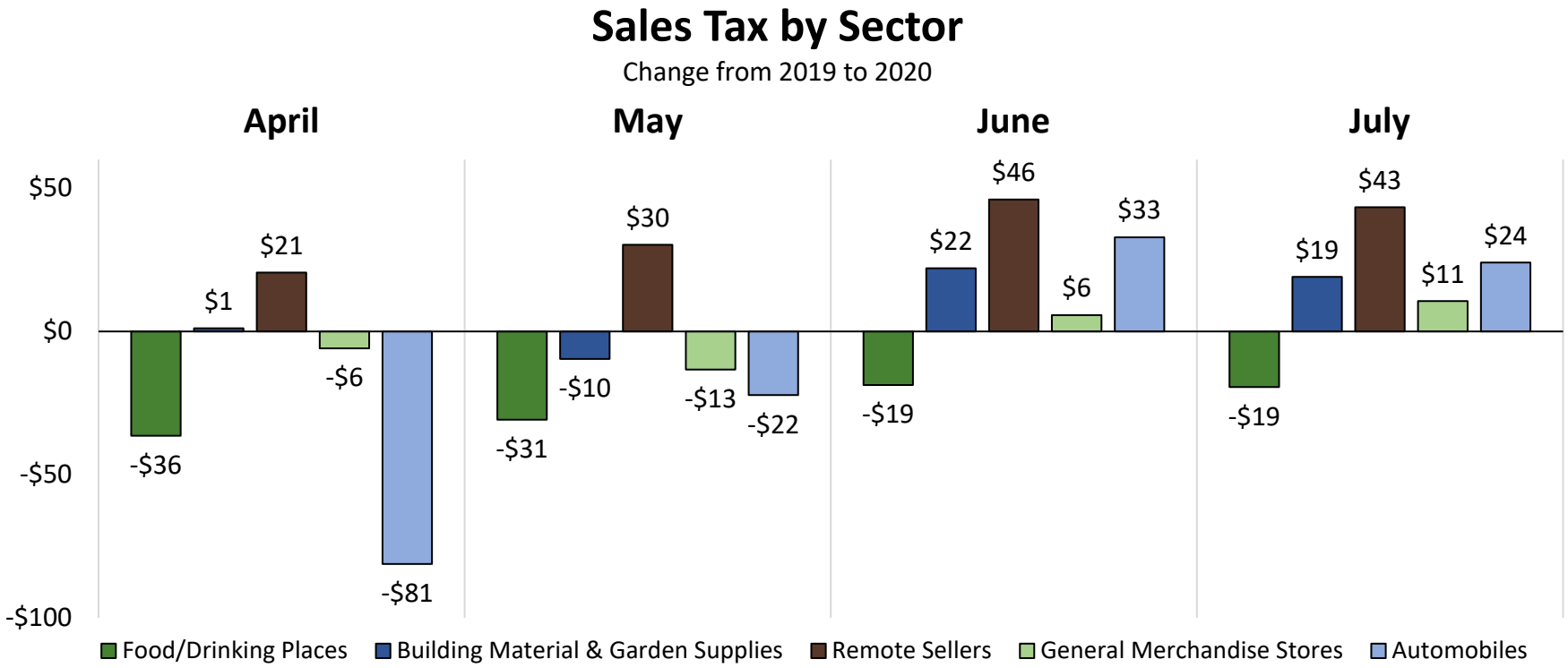
Source: Affinity Data Solutions, Opportunity Insights Economic Tracker Tracktherecovery.org

Growing Sectors Offset Many Sales Tax Losses

Restaurants have recovered slightly since the early stages of the crisis, but sales tax for July was still 23% below the prior year

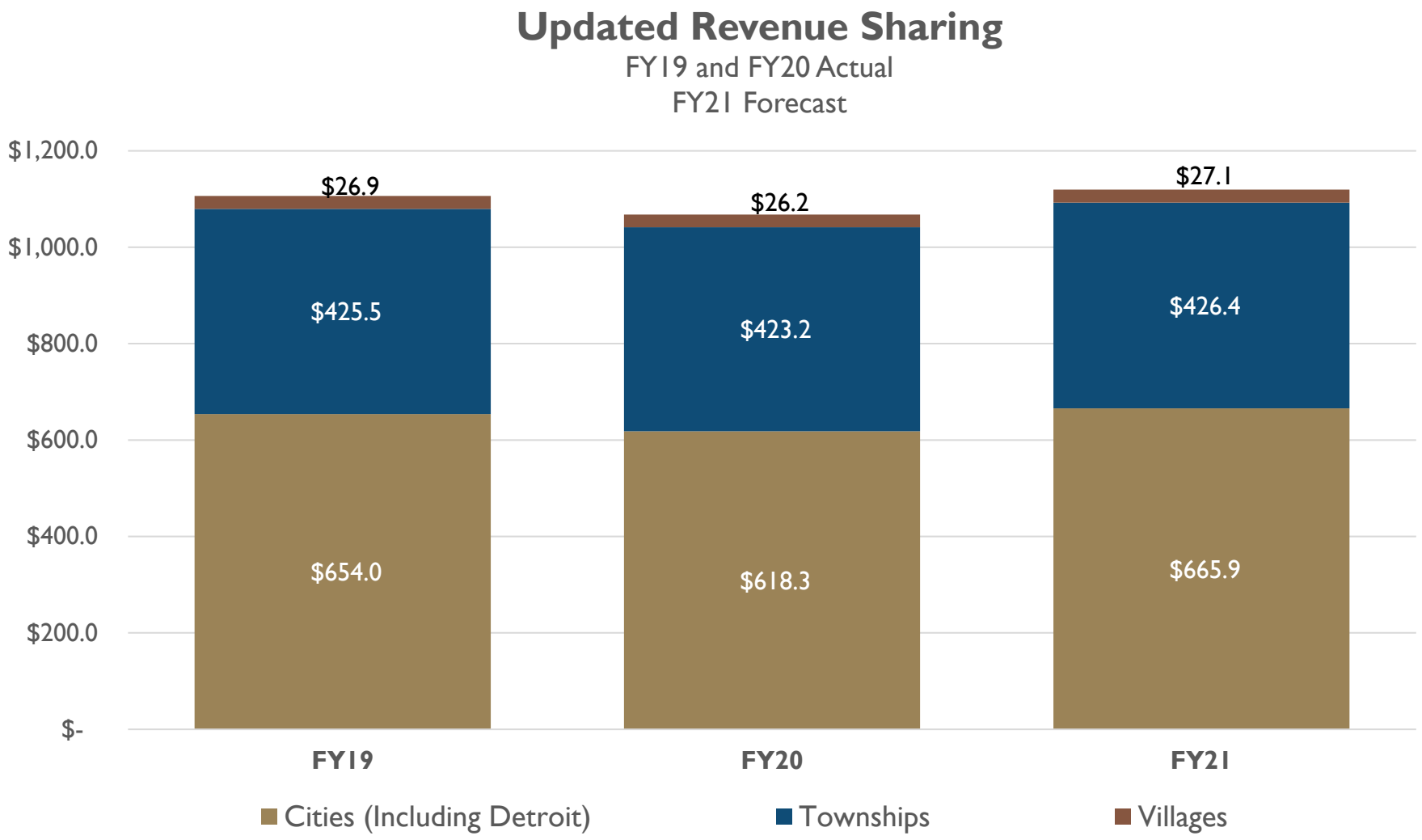
The spring months have seen strong growth at stores that sell building materials and garden supplies, including big home improvement centers

Sales tax from remote sellers has been strong in 2020 and accelerated after the pandemic



Source: Michigan Department of Treasury

Impact to Revenue Sharing



Budget Update

September 2020

SBO
State Budget Office

COVID-19 Budget Challenges

SBO State Budget Office

- The COVID-19 pandemic has presented unique and uncertain budget challenges to states:
  - Program and supply costs increase
  - Unemployment remains high
  - Revenues streams are volatile
  - Federal assistance is uncertain and isn't flexible
  - Spread of virus can rebound
- Even before COVID-19, the spending pressures on Michigan's General Fund were significant.

Economic & Revenue Figures

SBO State Budget Office

- Overall the economic and revenue figures for the remainder of this fiscal year (FY 2020) have improved since May.
- We are still down $4.2 billion combined for FY21 and FY22 from January consensus revenues.
- Because we had solved FY20 assuming much lower revenues, we can carry forward improved FY20 fund balances to address much but not all of the budget shortfall in FY 2021.

General Fund Balance Sheet

SBO State Budget Office

Key Takeaways:

- FY 21 GF revenues anticipated to be nearly $800m below FY 20.
- FY21 budget benefits from beginning balance of over $1.4 billion.
- Baseline assumes original FY20 budget prior to July reductions.
- FY21 GF shortfall of over $300 million

($ in Millions)	Estimated FY 2020	Baseline FY 2021
Revenues		
January 2020 Consensus Revenue Estimates	11,012.1	11,194.5
May Consensus Adjustments	(1,983.9)	(1,915.3)
Aug Consensus Adjustments	1,268.6	257.5
Revised Revenues	**10,296.8**	**9,536.7**
Starting Balances	916.2	1,438.4
Other revenue	(3.8)	60.0
Revenue Sharing	(490.1)	(490.1)
Revenue Sharing Reduction	96.5	-
Lapse prior year projects and restricted fund balances	256.4	(2.6)
Total Revenue	**11,072.0**	**10,542.4**
Expenditures		
Current Law	10,479.3	10,099.0
Baseline adjustments		761.0
Enhanced FMAP and Caseloads Adjustments	(407.0)	
Budget Reductions	(227.7)	
Shift eligible GF expenditures to CRF - public safety payroll	(475.0)	
Pending supplemental needs	52.9	
Transfer to School Aid Fund	211.0	
Total Expenditures	**9,633.5**	**10,860.00**
Total Estimated Balance	**1,438.4**	**(317.6)**

Budget Considerations

SBO State Budget Office

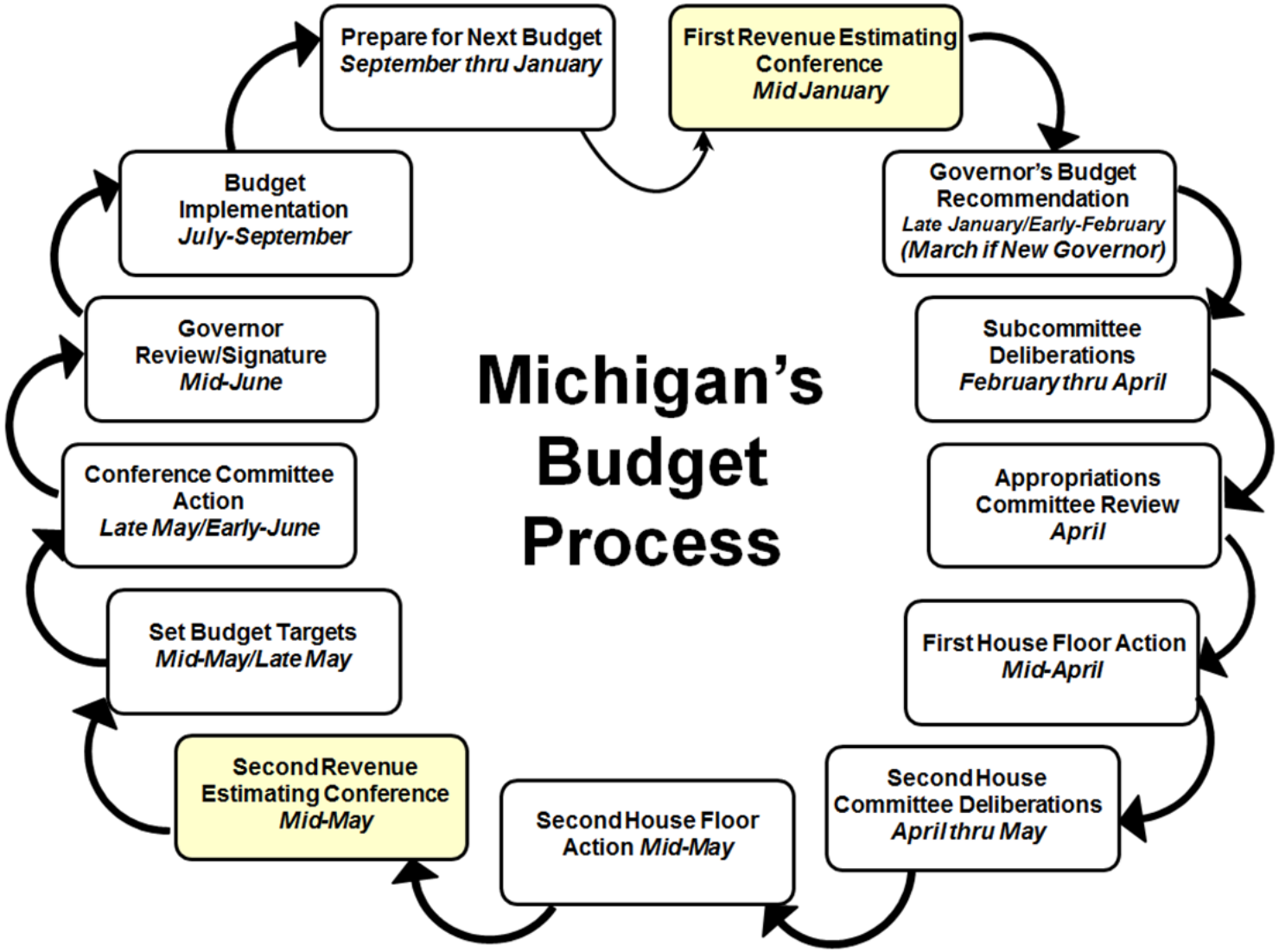
- Tough decisions still required in the next month as we work with the Legislature to finalize a budget for 2021, but our work will be made easier by the carry forward of revenue from FY 2020.

- We have exhausted almost all the federal aid already provided to us in order to account for various COVID related public health and safety costs that protect Michigan residents affected by the pandemic.

- FY 2022 shows a large structural imbalance of at least $1 billion dollars that will not be easy to solve without additional federal stimulus.

- We have already used $350 million out of the rainy-day fund for the current year, and while over $800 million remains in the fund, it's not enough to solve our anticipated FY22 shortfall.

Budget Process



CARES Program Updates: CRLGG, FRHPPP, PSPHPR

Eric Bussis,
Chief Economist and Director of the Office of Revenue and Tax Analysis,
Michigan Department of Treasury

CARES Program Updates

FRHPPP, PSPHPR, CRLGG

Status Update

- Over 700 applications were received and $36 million in funding requested, which is well below the $100 million in appropriated funds
- Treasury is still working to review applications and has redirected significant resources to try and complete the review
- Announcements of awards and advance payments are planned for the end of this week
  - Some requests will be reduced to reflect ineligible requests, including administrative support positions, utility workers, public works, and non-police emergency management
- More follow up may be needed to support requests
  - Many units are being contacted to correct minor errors

Status Update

- 600 applications received by the first-round deadline and a total of $350 million was requested, far more than the $200 million in funding
  - Funding requests will likely be prorated

- Statutory deadline for payments is 9/18
  - Treasury is not finished with the reviews and will make payments for 50% of requested amount
  - Final reconciliation payments will be made once review is complete

Status Update

- Significant audit work will be needed, as Treasury will be requesting documentation from many units to comply with federal requirements to monitor sub-recipients
  - Treasury may request organizational charts and descriptions to determine whether employees are public safety or public health
  - Funding will need to be repaid if found to be inappropriately requested

- If you review your application and realized that funding was inappropriately requested, please resubmit your corrected application by Friday, September 11
  - Emails need to include the unit name and "PSPHPR Corrected Application" in the subject line

- Additionally, if you do not want to receive 50% of the requested amount please email Treas-CARES@michigan.gov by Friday, September 11.
  - Emails need to include the unit name and "PSPHPR Stop 50% Payment" in the subject line

Status Update

- August revenue sharing payments were eliminated

- CRLGG Payments were made August 31, 2020
  - Amounts of funding can be found on the Treasury revenue sharing website
    - https://www.michigan.gov/documents/treasury/FY_2020_CRLGG_Payments_to_CVTC_700372_7.pdf

- All units receiving payments for CRLGG need to submit a signed agreement to Treasury by September 23, 2020
  - Agreement will be online tomorrow and will be sent via GovDelivery

- All of the amounts received for the CRLGG need to comply with the Coronavirus Relief Fund (CRF) requirements
  - Any amounts not used for CRF eligible expenses will need to be returned to the state, as prescribed by the grant agreement

Reporting

Federal reporting requirements continue to change, and updates may result from additional federal guidance

1. CRLGG Grant Opening Certification signed by the authorized individual.
   - Due by September 23, 2020
2. Each qualified local unit must register with the Federal System for Award Management (SAM) prior to submitting the CRLGG Grant Opening Certification.
3. *Quarterly Financial Status Report* for the following reporting periods:
   - Due by October 8, 2020 for the period of March 1, 2020 – September 30, 2020
   - Due by January 6, 2021 for the period of October 1, 2020 – December 30,2020
   - Due by January 30, 2021 for the period March 1, 2020 – December 30, 2020 for any amended previously submitted report
4. *CRLGG Expenditure Forecast Report*
   - Due by November 15, 2020 for the following reporting period: October 1, 2020 – December 30, 2020
5. *CRLGG Outcome Metric Report*
   - Due by January 30, 2021
6. *CRLGG Grant Closing Certification*
   - Due by January 30, 2021

Reporting Due Date Cheat Sheet

Report Due Date	Reporting Requirements	Reporting Period
September 23, 2020	Grant Opening Certification (register in SAMS prior)	N/A
October 8, 2020	Financial Status Report	March 1, 2020 – September 30, 2020
November 15, 2020	Expenditure Forecast Report	October 1, 2020 – December 30, 2020
January 6, 2021	Financial Status Report	October 1, 2020 – December 30, 2020
January 30, 2021	Financial Status Report (Amended Final)	March 1, 2020 – December 30, 2020
	Outcome Metric Report	March 1, 2020 – December 30, 2020
	Grant Closing Certification	N/A

All dates and reporting requirements current as of September 8, 2020

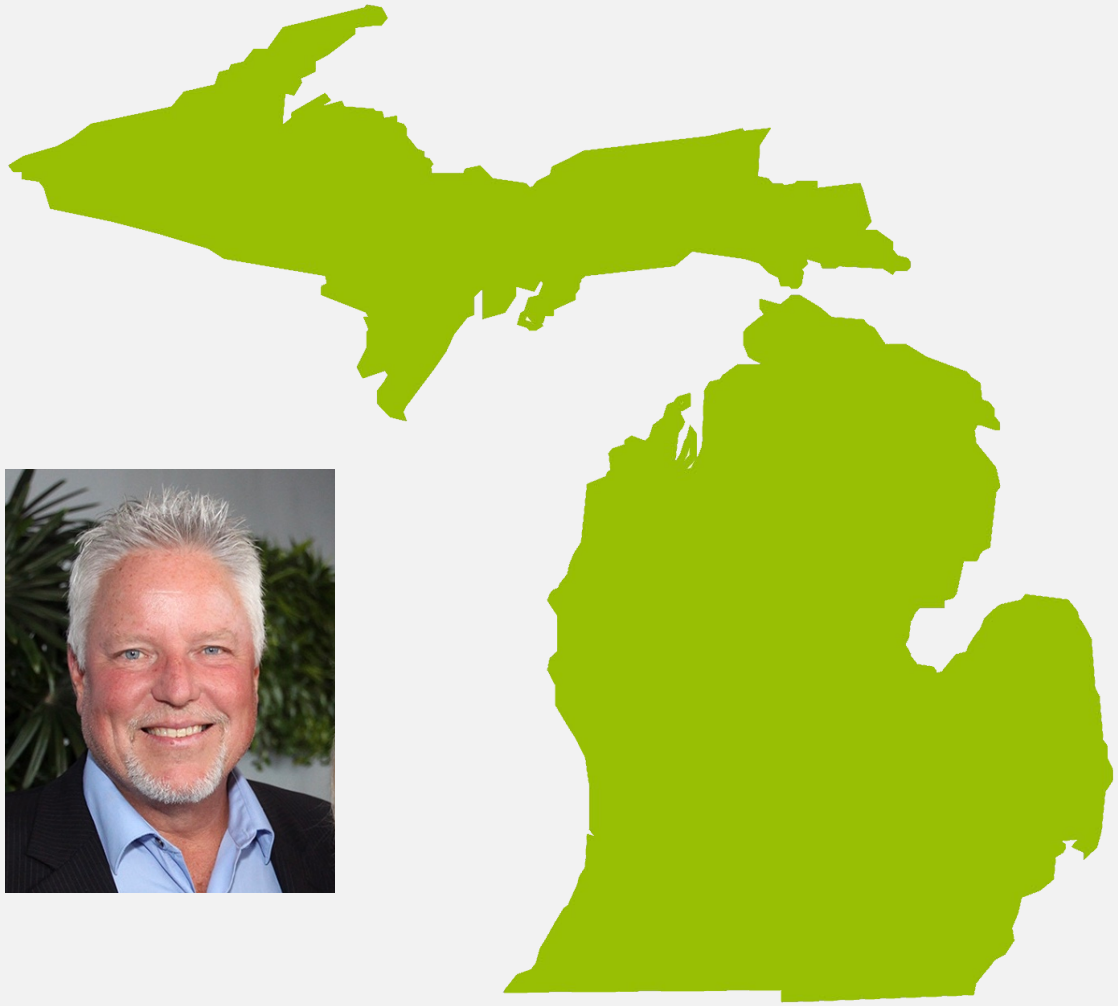
Additional requests may be added to comply with the US Treasury Department

Contact Information

Phone: 517-335-0155
Email: Treas-CARES@michigan.gov
www.Michigan.gov/revenuesharing

Local Government Unclaimed Property

Terry Stanton,
Manager,
Unclaimed Property
Michigan Department of Treasury



The *"Lost & Found"* of Unclaimed Property

2020

What is Unclaimed Property?

- Any asset (tangible or intangible) belonging to another party that remains unclaimed for a specified period of time (Dormancy Period)
- The Dormancy Period for *most properties* is 3 years
- The Dormancy Period for *wages, payroll* and *commissions* is 1 year
- ***Government funds/properties are reportable after 1 year***

Unclaimed Property Overview

- ***Governed by:***
  Uniform Unclaimed Property Act (Public Act 29 of 1995)

- ***Administered by:***
  Department of Treasury; Office of Departmental Services; Unclaimed Property Section

- Michigan Unclaimed Property (MI UP) serves as MI's central depository for abandoned & unclaimed property

Unclaimed Property Overview

- ***Goal:*** To return property to rightful owners/heirs

$1.37 Billion returned to rightful owners/heirs since 1994

- *FY 2020*: Record **$118 Million** returned to rightful owners/heirs (one month remaining in FY)
- *Last 4 fiscal years*: Approximately **$400 Million** *returned*

Types of Unclaimed Property

- Uncashed checks (payroll, vendor, cashiers).
- Dormant bank/escrow accounts.
- Shares of stock and associated dividends.
- Accounts receivable credit balances.
- Insurance policy benefits.

Types of Unclaimed Property

- Most property is in the form of checks, bonds, stock, insurance proceeds
- MI UP is also Custodian of Dormant Safe Deposit Box Contents
  - Important papers e.g.: wills, trusts, insurance policies.
  - Wedding dresses, baseball cards, coins, jewelry, foreign currency, gold/silver bars, etc.

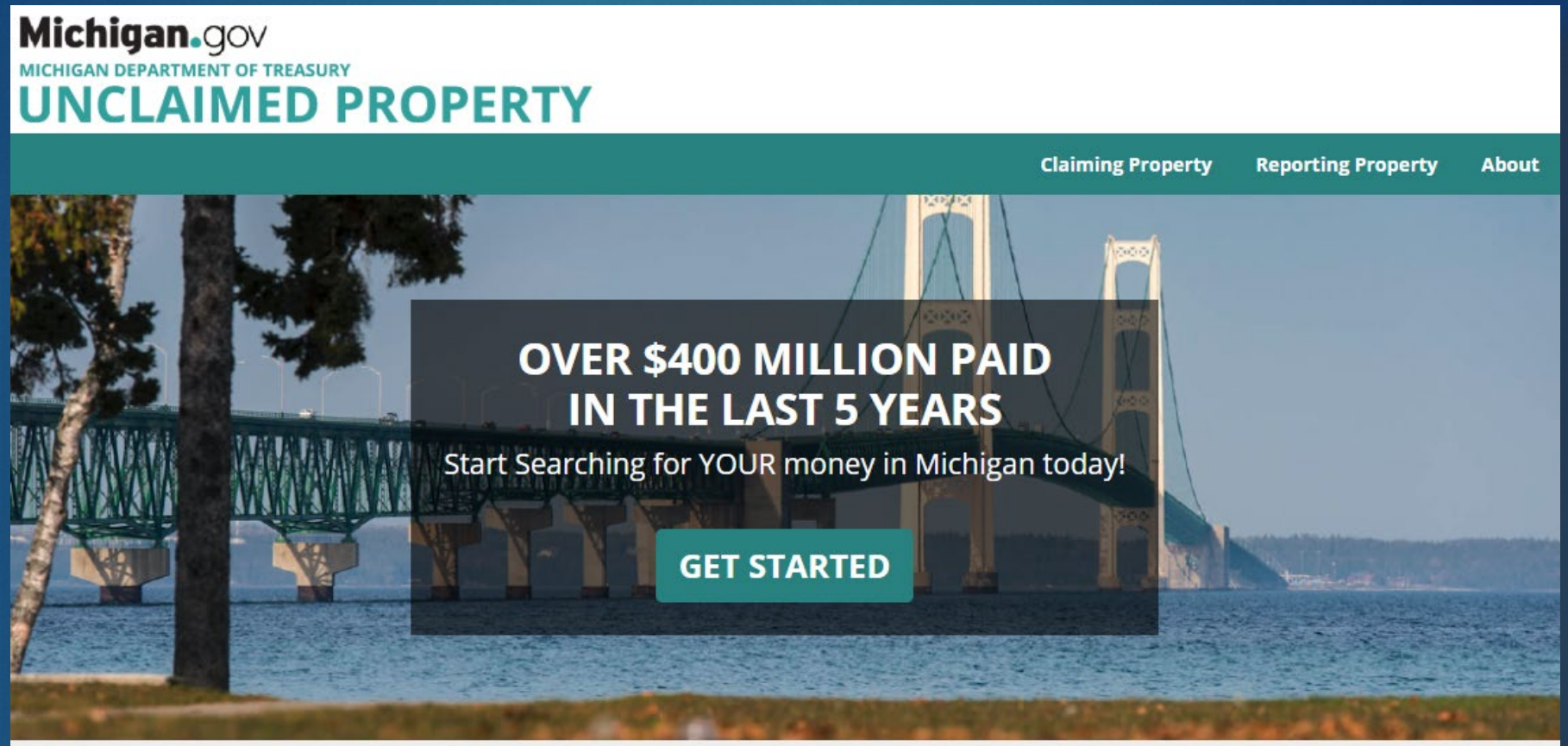
Reporting Unclaimed Property

- "Holders" (businesses & units of government):
  - report property to Treasury's UP section annually, on July 1st (or 1st official business day in July).
  - must report and remit abandoned property, belonging to owners whose *last known address* is in MI.
  - incorporated in MI must also report and remit to MI, property belonging to owners where their *address is unknown*.
- MI UP has reciprocal agreements with most States to help reunite properties with their rightful owners/ heirs in other states.

Reporting Unclaimed Property

- New system & website went "live" October 1, 2018:
  - KAPS (Kelmar Abandoned Property System)
  - michigan.gov/unclaimedproperty
- KAPS provides for the submission of holder reports and payments electronically

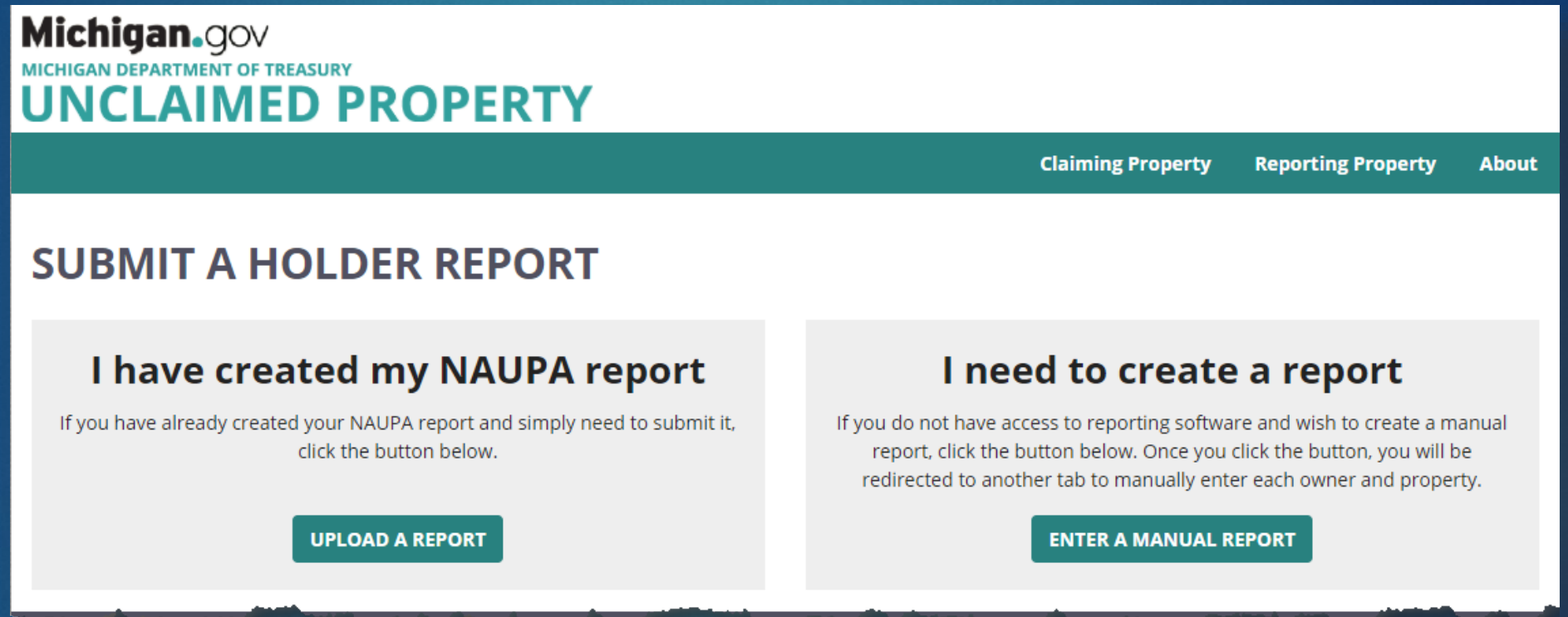
Reporting Unclaimed Property



WELCOME TO THE STATE OF MICHIGAN'S UNCLAIMED PROPERTY PAGE

The Michigan Department of Treasury has millions of dollars in lost or forgotten assets from dormant bank accounts, uncashed checks, valuables left in safe deposit boxes and stock certificates. Because these properties were considered abandoned and unclaimed by the bank or company entrusted with them, they are turned over to the state, as required by law. The Michigan Department of Treasury is the custodian of these assets and returns them to their owners (or the owners' heirs) when they are rightfully claimed.

Reporting Unclaimed Property



Reporting Unclaimed Property

HOME

HOLDER REPORTING

Michigan.gov Unclaimed

1. Holder Information > 2. File Upload > 3. Preview > 4 .Summary

PREV

Enter Holder Information:

NEXT

* Required field

Primary Holder Information

Please enter the following information:

* Holder Name:
* Holder Tax ID:
* Contact Name:
* Contact Phone Number:
Phone Extension:
* Email Address:
* Email Address Confirmation:

Report Information

Please enter the following information:

Reporting Unclaimed Property

Report Information

Please enter the following information:

* Report Type: Annual Report

Report Year: 2019

* This is a Zero/Negative Report:
- Yes - Report Type selected above must be Negative Report
- No

Total Number of Shares Reported:

Total Number of Tangible Properties Reported:

* Total Dollar Amount Remitted:

Does your local government have Unclaimed Property?

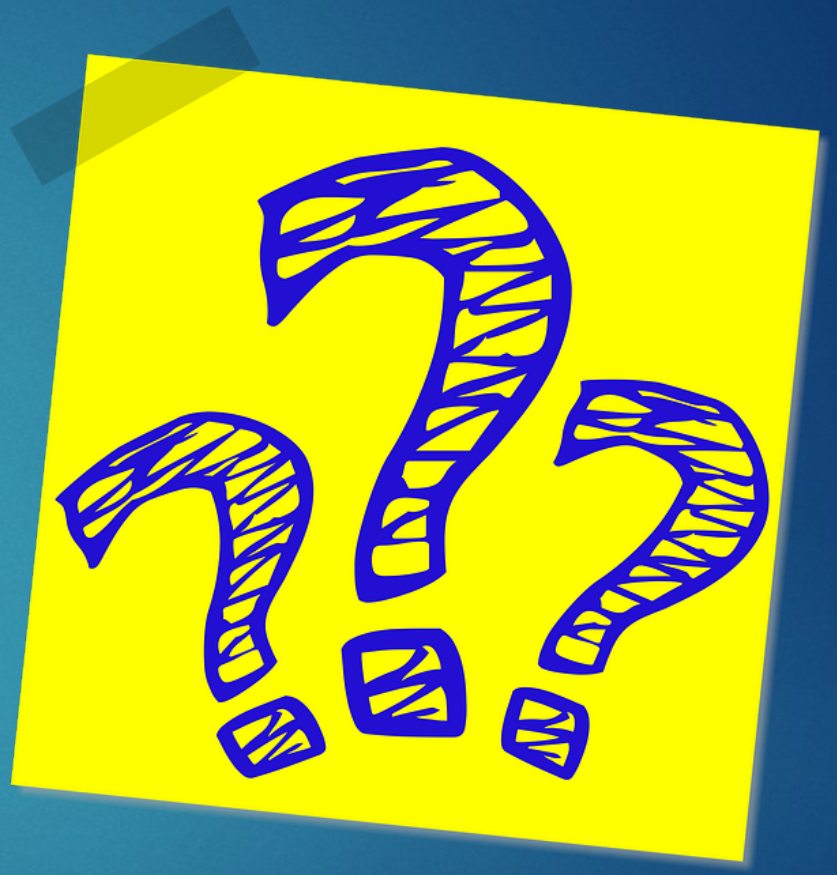
- Check our MI Unclaimed Property web site @ michigan.gov/unclaimedproperty
- Search your local unit's name
- With KAPS claimants can easily file claims and upload documentation, direct to our website
- If your local unit is listed as "owner," refer the appropriate representative to our site or claims line at 517-636-5320

Questions?

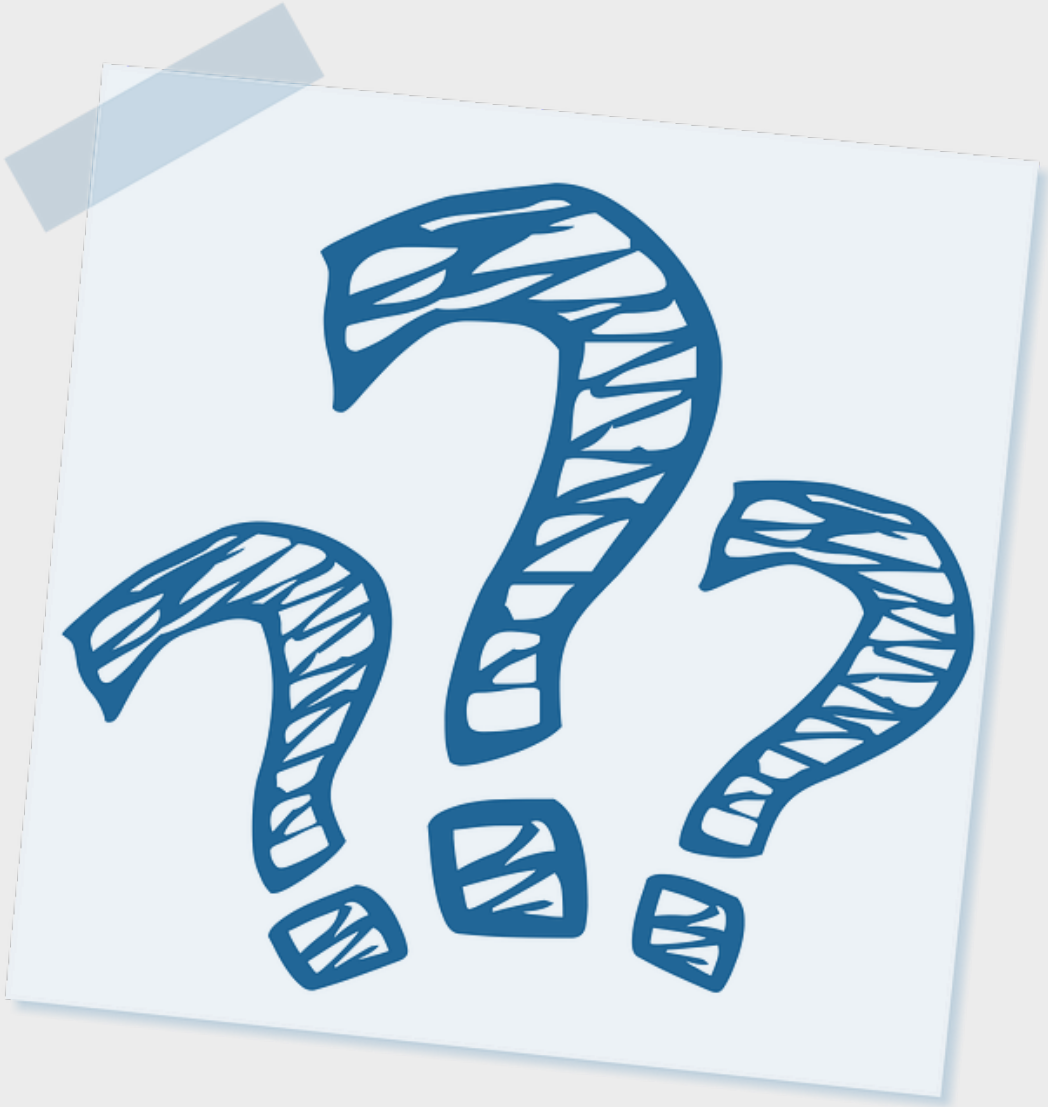
- **For more information, visit:**
  michigan.gov/unclaimedproperty

- **Contact # for Claimants**
  517-636-5320

- **Contact # for Holders:**
  517-636-6940



Questions



Contact & Website Information

Websites:

- www.Michigan.gov/Treasury
- Treasury Local Government Website
- Treasury COVID-19 Updates for Local Governments and School Districts
- www.house.mi.gov/hfa/Consensus.asp

Contact Information:

- View Treasury Local Government Contact List
- Michigan Finance Authority (MFA): TreasMFA@michigan.gov
- Revenue Sharing: TreasRevenueSharing@michigan.gov
- Treasury's CARES Act programs: Treas-CARES@michigan.gov

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