

COVID 19 Budget Update

May 2020

State Budget Director Chris Kolb

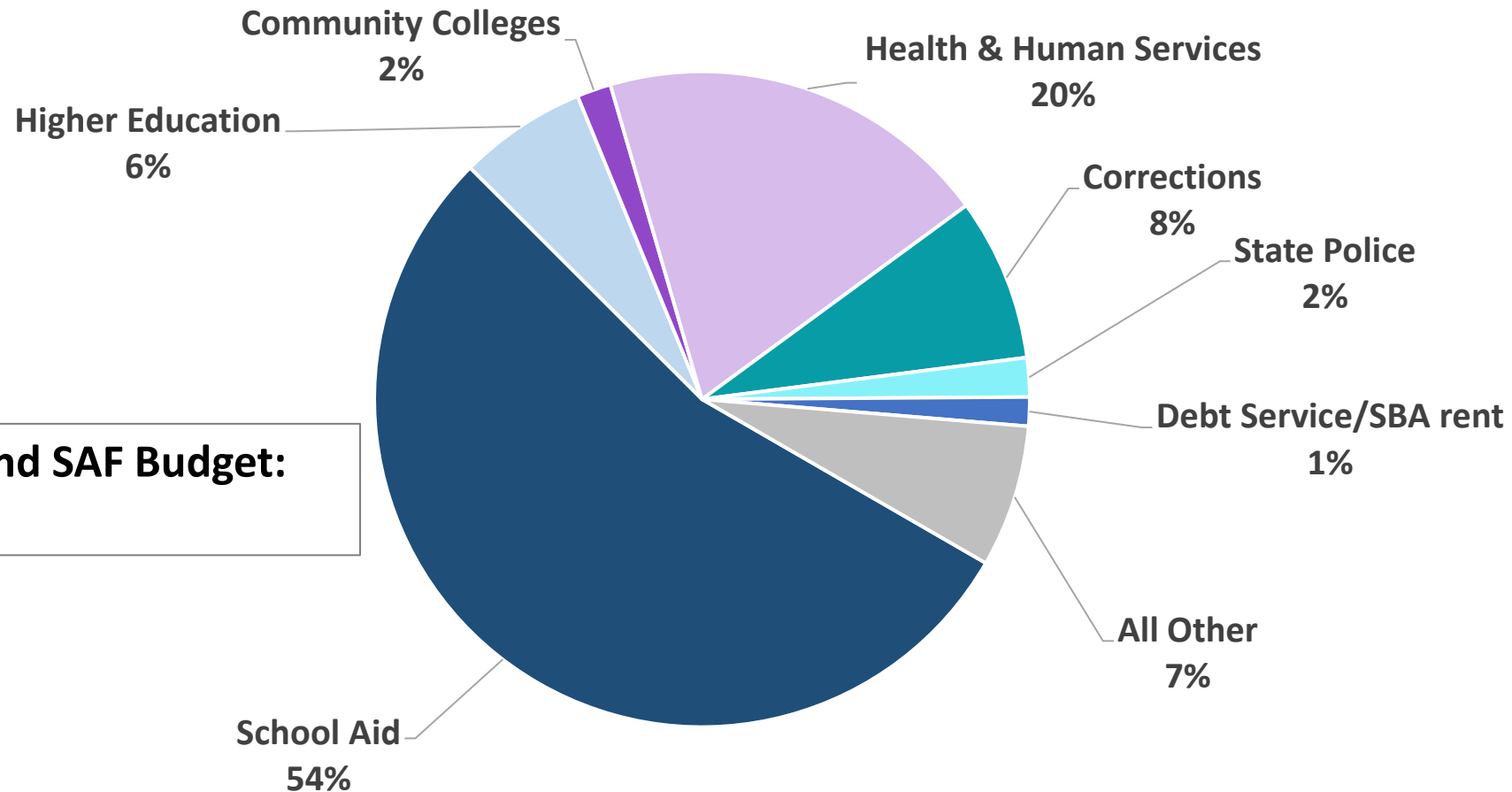


Revenue Reductions

- Consensus Revenue Estimating Conference:
 - FY 2020
 - GF – Reduced \$2.0 billion
 - SAF – Reduced \$1.2 billion
 - FY 2021
 - GF – Reduced \$1.9 billion
 - SAF – Reduced \$1.1 billion
 - FY 2022
 - GF – Reduced \$1.4 billion
 - SAF – Reduced \$0.7 billion

FY 20 Combined GF and SAF Budget

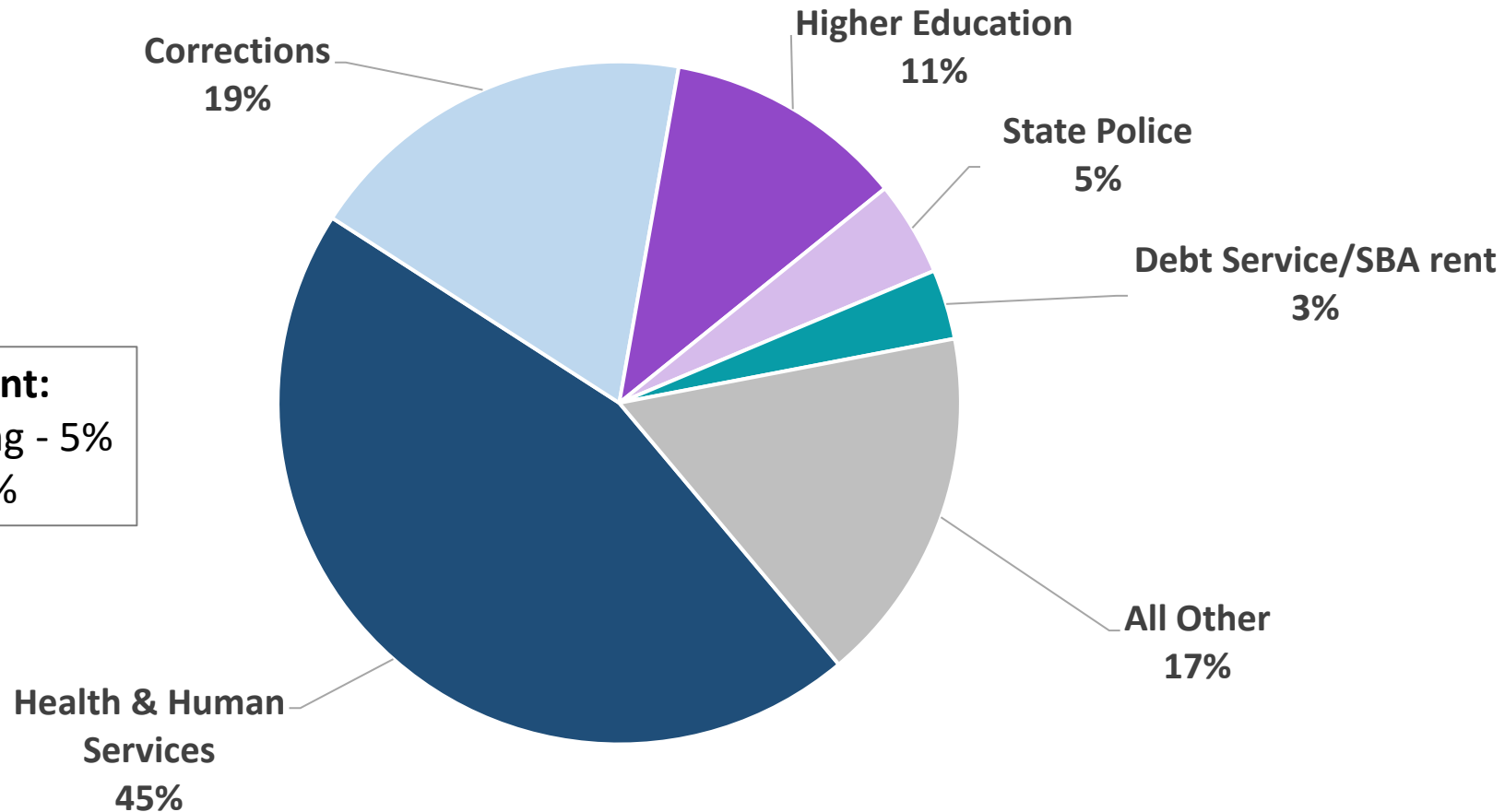
Over 75% of the combined GF and School Aid Budgets go out to local governments, school districts, and external health providers.



**Combined GF and SAF Budget:
\$24.7 Billion**

FY 20 GF Budget

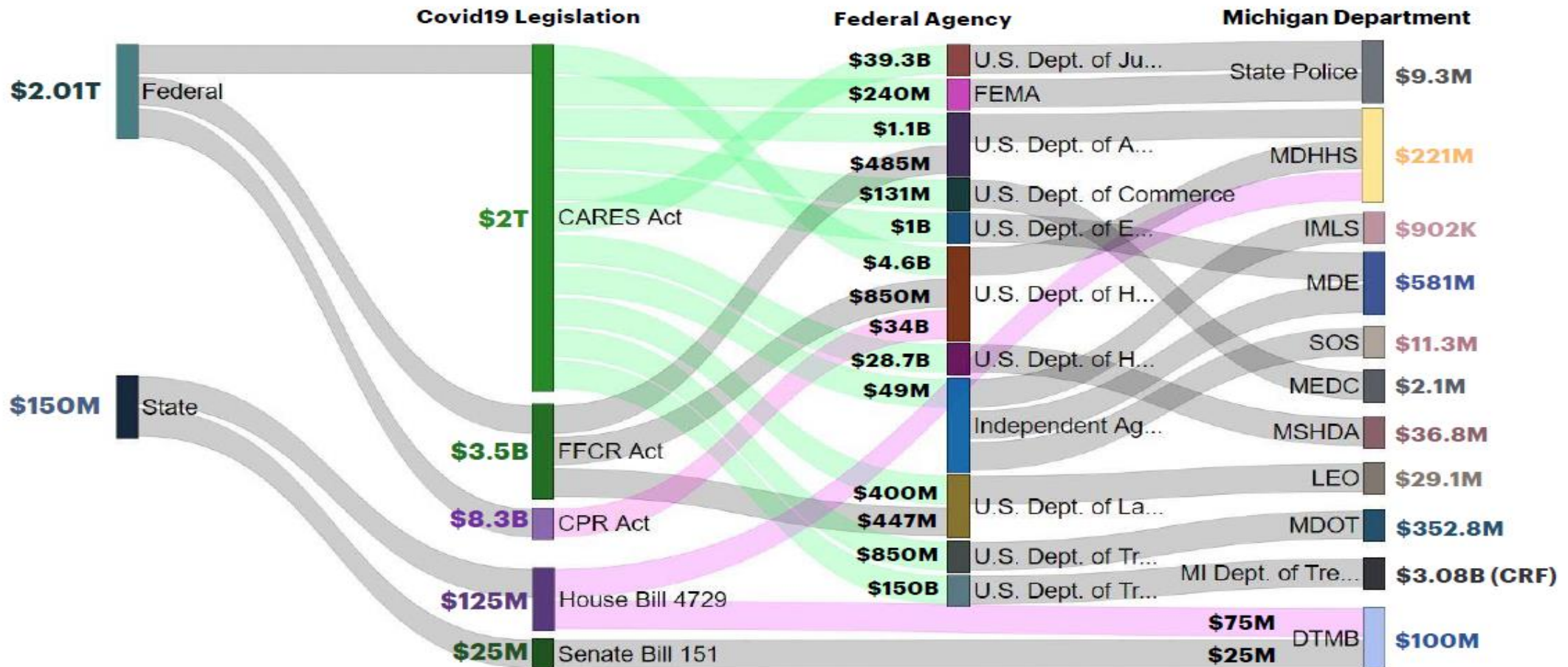
\$10.6 Billion General Fund: Over 80% of GF/GP appropriations are for health care, protecting vulnerable children and adults, public safety, and education.



Other Major GF Equivalent:
Statutory Revenue Sharing - 5%
Income Tax for Roads - 4%

COVID 19 Funds

Available Covid19 Stimulus Funding from Source to Appropriated Michigan Department



Total \$ Allocated to MI: Approx. \$4.4B

Federal COVID 19 Funds - CRF

Coronavirus Relief Fund (CRF): Michigan Share = \$3.9 billion

- \$800 million to local units with populations > 500,000:
 - Detroit and Kent, Macomb, Oakland, and Wayne Counties
- \$3.1 billion remaining to the state for expenditures that meet all of the following:
 - Necessary expenditures incurred because of the COVID-19 public health emergency;
 - Costs not accounted for in the most recently approved state budget
 - Costs incurred between March 1, 2020 and December 30, 2020.
- States have requested additional flexibility – specifically revenue backfill as an allowable use.

Elementary and Secondary School Emergency Relief Fund

Fund Name	Michigan's Allocation	Recipients	Distribution to Recipients
<p>Elementary and Secondary School Emergency Relief Fund</p>	<p>\$389.8 million</p>	<p>Local educational agencies (including charter schools that are local educational agencies)</p>	<ul style="list-style-type: none"> • 90% of funding to districts based on the district's share of statewide Title I (Part A) allocations • 10% may be used for addressing issues related to COVID-19

Allowable Uses

Broad discretion including:

- Any activity authorized by the ESEA, Support and Assistance Act, IDEA, Adult Education and Family Literacy Act, Perkins, or parts of McKinney-Vento.
- Assistance to **school resources** for necessary resources to address needs in schools.
- Activates addressing the **needs of students** in many categories include: at-risk, ELL, children with disabilities, and minorities.
- Purchasing educational **technology**.
- Other **virus response activities** including training, sanitation, meals, mental health, etc.

Higher Education Emergency Relief Fund

Fund Name	Michigan's Allocation	Recipients	Distribution to Recipients
<p>Higher Education Emergency Relief Fund</p>	<p>\$347.4 million</p>	<p>Public and private institutions of higher learning.</p>	<p><u>Grants distributed as follows:</u></p> <ul style="list-style-type: none"> • 90% to Institutions of Higher Education with 75% of this amount being based on Pell grant recipient rate and 25% based on non-Pell grant recipient rate. • 7.5% based on proportionate share of other federal programs. • 2.5% based on Title VII (Part B) of the Higher Education Act

Allowable Uses

- Funds may be used to cover any costs associated with significant **changes to the delivery of instruction** due to the coronavirus.
- 50% of funds must be used to provide **emergency financial aid grants to students** for expenses related to the disruption of campus operations due to coronavirus (food, housing, course materials, technology, health care, childcare, and other cost of attendance items)

Governor's Emergency Education Relief Fund



Fund Name	Michigan's Allocation	Recipients	Distribution to Recipients
Governor's Education Emergency Relief Fund	\$89.4 million	Local educational agencies (LEAs) Institutions of higher education Other education-related entities	<u>Grants distributed as follows:</u> <ul style="list-style-type: none"> • To LEAs determined by the <i>state educational agency</i> to be most impacted • To institutions of higher education the <i>Governor</i> determines to be most impacted • To other entities the <i>Governor</i> determines to be essential for carrying out emergency educational services.

Allowable Uses

- Activities that are necessary to **continue to provide educational services** to students and to support the **on-going functionality** of the local educational agencies.
- The provision of **childcare** and **early childhood** education, **social and emotional support**, and the protection of education-related **jobs**.
- Purposes allowed under the Elementary and Secondary School Emergency Relief Fund described previously

Child Care Relief Fund

Fund Name	Michigan's Allocation	Recipients	Distribution to Recipients
Child Care Relief Fund	\$100.9 million (also assumes \$30 million carry forward from existing Child Care Development Fund)	<ul style="list-style-type: none"> • Licensed child care centers • Licensed child care family/group homes • Licensed exempt providers • Disaster relief child care centers • Tribal child care centers 	<p><u>Grants distributed as follows:</u></p> <ul style="list-style-type: none"> • Monthly payments made for April, May, and June. • Grant amount is made up of a flat rate based on provider type, bonus payment if provider is open and caring for children of essential workers, star quality rating, and a per-staff stipend.

Allowable Uses

• Funds are very flexible and can be used to support a range of expenses, including, but not limited to: payroll, mortgages and rent, utilities, insurance, and supplies.

Federal COVID 19 Funds - Other

Other Major Federal funding:

- Coronavirus Testing - \$315 million
- Transit –
 - Urban grants (Direct payments) – \$280 million
 - NonUrban grants - \$73 million
- Airport Support - \$257 million
- Child Nutrition Programs - \$214 million
- Community Services Block Grants - \$36 million
- Community Development Block Grants - \$20 million State, \$53 million local
- Older Americans nutrition and services - \$33 million
- Emergency Solutions for homelessness - \$17 million State, \$20 million local
- Public Housing and rental assistance - \$25 million

Current Budget Savings Measures

- Current State Action –
 - Hiring Freeze
 - Discretionary Spending Freeze
 - 2-3 weeks full time temporary layoffs of nearly 3,000 state employees
 - 10 days of temporary layoffs days for 31,000 state employees participating in Federal workshare program
 - Evaluating other potential budget reductions

Questions

