

State Budget Update

April 2020

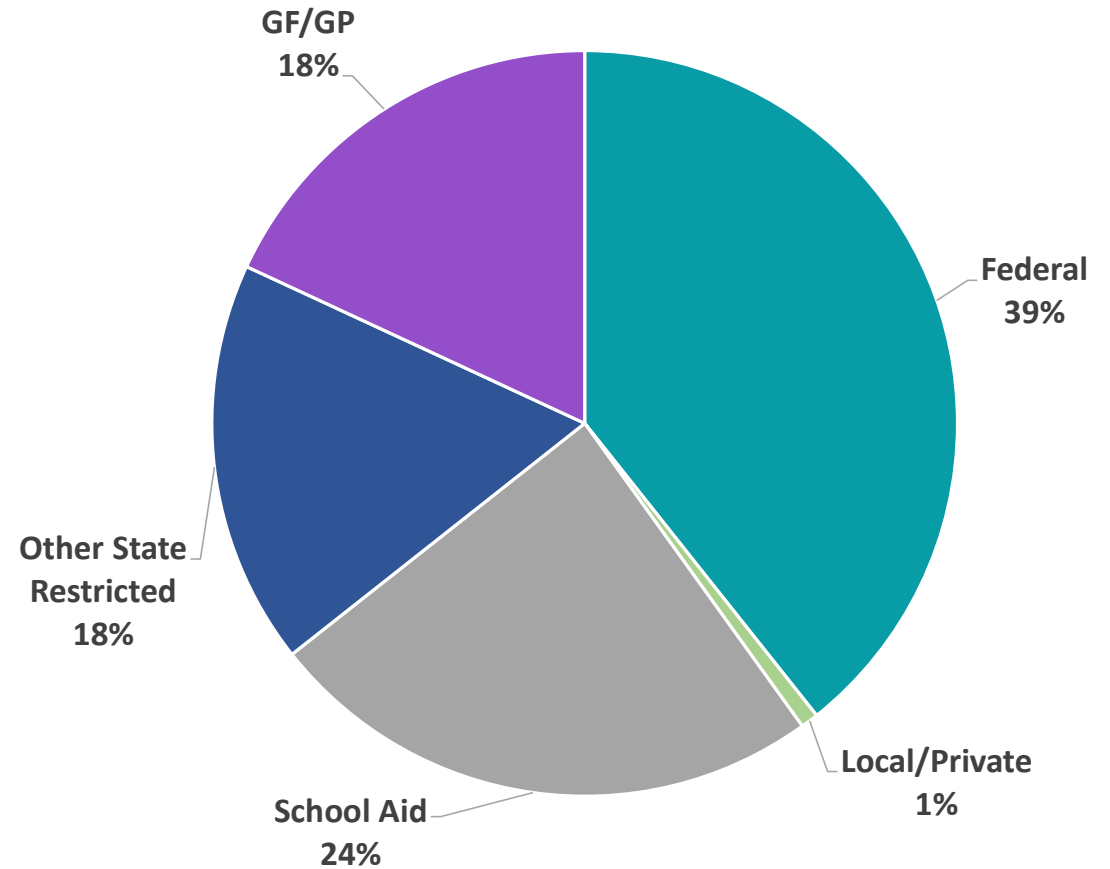
Beth Bullion and
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FY 2021 Executive Budget

- Total budget \$61.9b
- General Fund \$11b
- School Aid Fund \$15.9b

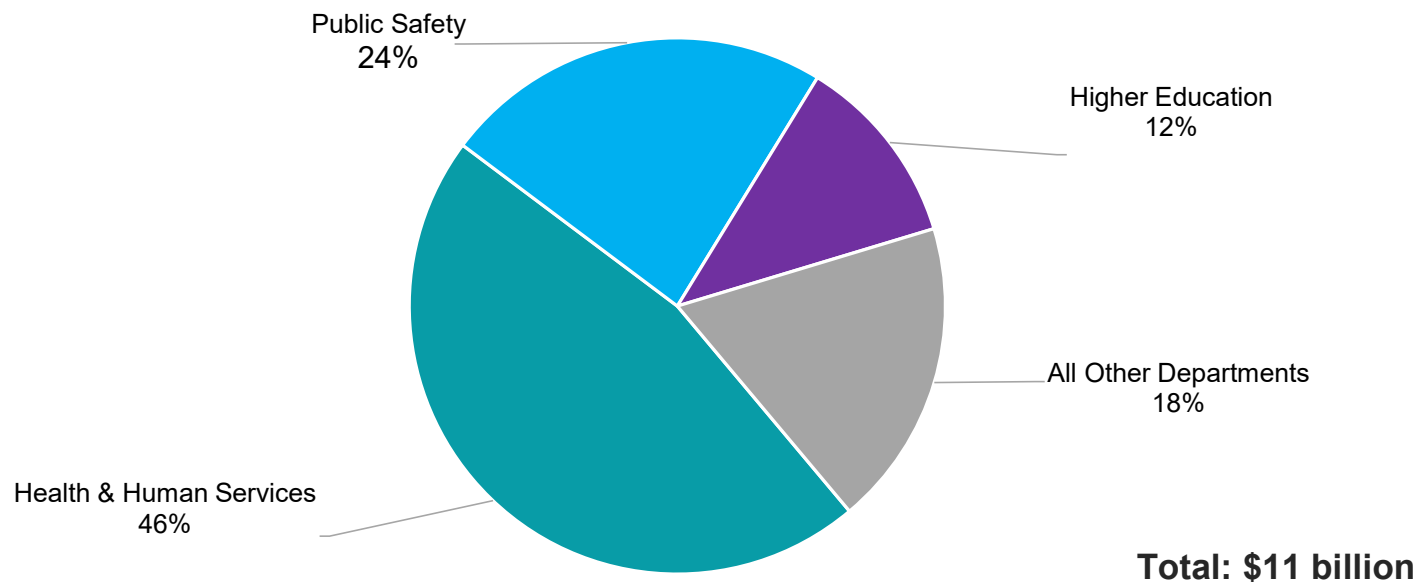
Total Budget by Source



FY 21 Executive General Fund Budget

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

Total General Fund by Category



Revenue Reductions

- Treasury – March
 - \$1 billion - \$3 billion in FY20
 - \$1 billion - \$4 billion in FY21
- UofM Research Seminar in Quantitative Economics (RSQE) – April
 - \$2.6 billion in FY20
 - \$3.2 billion in FY21

General Fund COVID 19 Appropriations

- \$50 million in flexible state immediate needs
- \$50 million for hospitals and health providers
- \$50 million additional upon transfer by the Appropriations committees

Federal COVID 19 Funds

- FEMA
 - Covers many direct state COVID 19 emergency expenditures
 - 25% state/local match unless waived
- Federal CARES Act
 - Coronavirus Relief Fund
 - \$800 million to local units with populations > 500,000
 - \$3.1 billion to the state for the following:
 - COVID 19 Costs
 - That weren't in existing state budgets
 - And were incurred from March 1 to December 31, 2020

Federal CARES Act Education Funds

- The CARES Act includes 3 fund sources for education purposes:
 - Elementary and Secondary School Emergency Relief Fund: **\$389.8 million**
 - Governor’s Education Emergency Relief Fund: **\$89.4 million**
 - Higher Education Emergency Relief Fund: **\$347.4 million**

Elementary and Secondary School Emergency Relief Fund



Fund Name	Michigan's Allocation	Recipients	Distribution to Recipients
Elementary and Secondary School Emergency Relief Fund	\$389.8 million	Local educational agencies (including charter schools that are local educational agencies)	<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.

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. 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

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 IHEs 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)

Budget Timeline

- Current State Action –
 - Hiring Freeze
 - Discretionary Spending Freeze
 - Evaluate other potential budget reductions
- Consensus Revenue Estimating Conference – May 15
- Balance FY 20 Budget soon after
- Begin FY 21 Budget discussions
 - Revisit revenue estimates in August after postponed income tax collection in July

Questions

