

To: Council About Parochiaid
From: Cara Marie Dobie and Courtney VanCamp
Date: June 12, 2020
Re: Legislative Report

Official Budget Numbers

The Consensus Revenue Estimating Conference (CREC) meets, under normal circumstances, twice a year: January and May. This conference is comprised of the Senate and House Fiscal Agency Directors and the Department of Treasury. The function is to give the legislature a sense of the state revenues for the current fiscal year and upcoming fiscal year so they can build their budgets (Michigan has a constitutional obligation to pass a balanced budget).

As one can imagine, the May CREC for 2020 is particularly gloomy:

- For the current fiscal year, and requiring the legislature to pass a negative supplemental budget to cut the current budget: General Funds (GF) are down by \$1.98 billion; the School Aid Fund (SAF) is down by \$1.24 billion.
- For FY 2021, GF is down by \$1.91 billion, SAF by \$1.13 billion
- For FY '22, GF is down by \$1.36 billion, SAF by \$720 million
- GF and SAF is not predicted to level-out to 2019 amounts until FY '24
- It is important to understand the SAF shortfalls, because the legislature has the ability (which they often exercise) to replace some or all SAF shortfall with GF, which of course, creates an even larger GF shortfall
- Without legislative action to authorize differently, the legislature can use up to \$287 million (about 1/4) of the "Rainy Day Fund" to plug budget holes; if they want to use more, they must amend the statute.

Some legislative leaders have argued that the School Aid budget should not be cut in the current fiscal year. This would require those revenue losses to be made up from the State General Fund. This could then have the impact of requiring much deeper cuts into programs funded by the General Fund, such as environmental protection, corrections, and revenue sharing that goes to counties and cities.

Due to the dismal picture, but also to the measured reopening of businesses, CREC agreed to meet again in August in a rare-but-not-unprecedented move. The August CREC would still give the legislature time to readjust their current-year and next-FY budgets if revenues look better...or worse.

Budget Process Update

There is a standoff of sorts between the legislature and the Governor with regard to which entity gets to be the first to draft current FY budget cuts. The legislature would love for the Governor to develop Executive Order budget cuts, and present those to the Appropriations committees, whose role is to give such a proposal and up-or-down vote. The hope would be that the cuts are negotiated to some degree between the Governor, the State Budget Office, and Appropriators. The Governor would certainly welcome a “negative supplemental” appropriations bill, and the legislature has indeed poised a few bills to do so. The legislature and Governor are talking, but no numbers are yet presented. July 1 is less than a month away.

COVID-19

The Michigan Department of Education (MDE) has a wealth of information on their newly-revamped [COVID-19 Resource](#) site:

More narrowly,

[Special Education](#) resources

[Social and Emotional Learning](#) resources

[Early Childhood](#) resources

COVID-19 Funding Bill Moving in Legislature

On May 13, the Senate Appropriations Committee passed \$508 million in COVID-19 funds (via [SB 690](#)), from money coming to the State from the federal CARES Act. Slightly over \$3 billion has come to the State thus far, but much of it remains unspent due to the strings placed on the funds by the federal government. SB 690 seeks to appropriate some of those funds, and the House Appropriations Committee greatly increased the amount of funds in the bill, bringing the total expenditure to \$1.2 billion. The latest version of the bill includes:

- \$10 million to MAISA (Intermediate School Administrators) for a program to assist students to purchase devices necessary for online learning
 - It is estimated that 30% of students do not have access to either the devices or quality internet connections to be able to participate in online learning programs.
- \$125 million for child care rate reduction program
 - Grants to licensed child care providers, April, May, June to reduce rates charged to families
 - Allows facilities to reduce rates by 25% or \$300/month, whichever is less

- \$15 million for a summer school fund for credit recovery
 - The Michigan Department of Education will allocate funds to school districts across the state to support summer school for credit recovery or fall instruction for recovery programs.

- The House removed a \$10 million allocation included in the Senate version of the bill that would have gone for a statewide student assessment in the fall designed at measuring learning loss due to the closure of schools.