State Budget Update
April 2020

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State Budget Office
FY 2021 Executive Budget

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

Total Budget by Source

- Federal 39%
- School Aid 24%
- Other State Restricted 18%
- GF/GP 18%
- Local/Private 1%
• 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**

- Health & Human Services: 46%
- Public Safety: 24%
- Higher Education: 12%
- All Other Departments: 18%

Total: $11 billion
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

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Michigan’s Allocation</th>
<th>Recipients</th>
<th>Distribution to Recipients</th>
</tr>
</thead>
</table>
| Elementary and Secondary School Emergency Relief Fund | $389.8 million | Local educational agencies (including charter schools that are local educational agencies) | • 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

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Michigan’s Allocation</th>
<th>Recipients</th>
<th>Distribution to Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor’s Education Emergency Relief Fund</td>
<td>$89.4 million</td>
<td>Local educational agencies.</td>
<td>Grants distributed as follows:</td>
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<tr>
<td></td>
<td></td>
<td>Institutions of higher education.</td>
<td>• To LEAs determined by the state educational agency to be most impacted</td>
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<tr>
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<td></td>
<td>Other education-related entities</td>
<td>• To institutions of higher education the Governor determines to be most impacted</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• To other entities the Governor determines to be essential for carrying out emergency</td>
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<tr>
<td></td>
<td></td>
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<td>educational services.</td>
</tr>
</tbody>
</table>

### 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

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Michigan’s Allocation</th>
<th>Recipients</th>
<th>Distribution to Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education Emergency Relief Fund</td>
<td>$347.4 million</td>
<td>Public and private institutions of higher learning.</td>
<td>Grants distributed as follows:</td>
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<td>• 90% to IHEs with 75% of this amount being based on Pell grant recipient rate and 25% based on non-Pell grant recipient rate.</td>
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<td>• 7.5% based on proportionate share of other federal programs.</td>
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<td>• 2.5% based on Title VII (Part B) of the Higher Education Act</td>
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</table>

### 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