

CAPITOL NEWS UPDATE

WEEK OF MAY 11, 2020

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SENATE PASSES SUPPLEMENTAL TO DIRECT \$524M IN FEDERAL AID

The Michigan Senate unanimously passed a supplemental spending bill on Wednesday directing more than \$500 million in federal coronavirus relief funds to the state including giving \$125 million to child-care rate reductions and \$100 million for municipal first responder bonuses. Legislators from both parties praised the bipartisan effort.

The bill also allocates \$50 million towards testing supplies and personal protective equipment mask grants, \$20 million for device purchase for K-12 schools, and \$11 million to hire 300 temporary workers for the Unemployment Agency to help process unemployment claims.

The bill, SB 690, had a total of \$523.7 million in funds to allocate from the federal Coronavirus Aid Relief and Economic Security Act passed by Congress.

Overall, the state is expected to receive about \$3.9 billion for state and local government aid in response to the pandemic. The \$523.7 million distribution includes:

DHHS

Total of \$178.2 million to allow for a temporary \$3 per hour raise for certain direct care workers.

Department of Education

Total of \$150 million

- \$125 million would be for child care rate reductions
- \$10 million for benchmark assessment grants
- \$15 million for the statewide summer school fund for credit recovery

Department of Treasury

Total of \$172.5 million

- \$100 million for municipal first responder bonuses
- \$50 million for personal protection equipment grants
- \$2.5 million would for a hospitality relief fund
- \$20 million for device purchases for K-12 schools.

Department of Labor and Economic Opportunity

Total of \$11 million to allow for the temporary hiring of 300 additional staff for the Unemployment Insurance Agency's processing of claims.

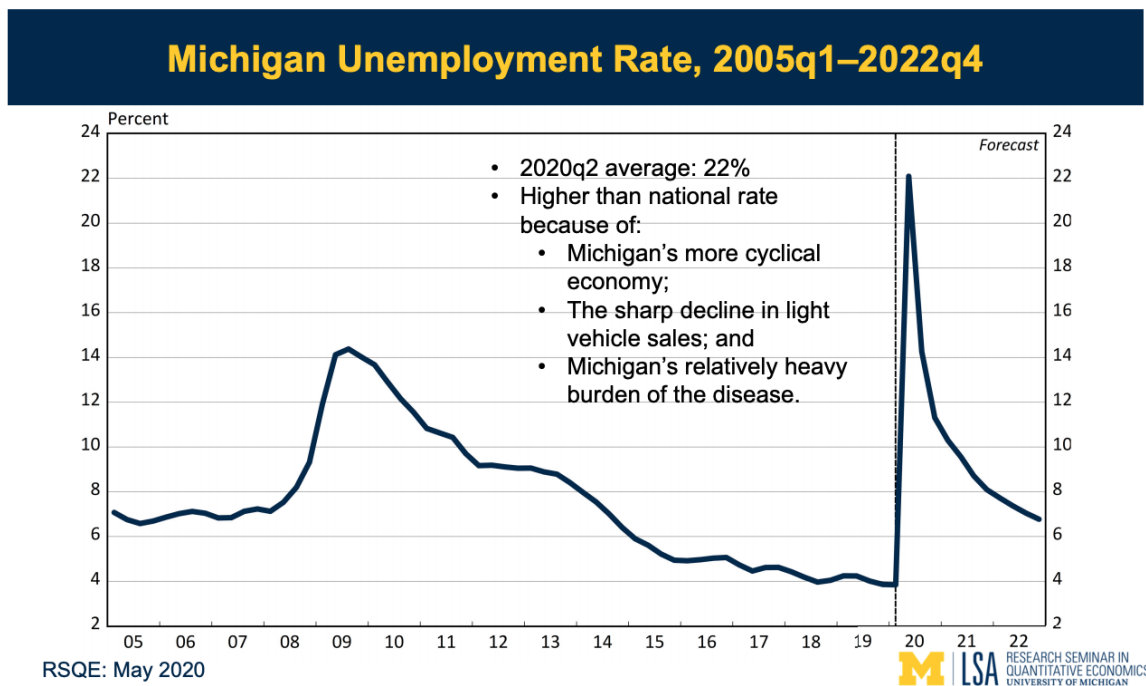
Department of Agriculture and Rural Development-\$12 million for agriculture processing safety grants.

REVENUE ESTIMATING CONFERENCE FORECASTS \$3.2 BILLION BUDGET DEFICIT

The Michigan House and Senate Fiscal Agencies and the Department of Treasury met this morning to discuss the state's sinking revenues due to the mass closures to help prevent the spread of COVID-19, agreeing that lawmakers and the administration will need to make \$3.2 billion in cuts and adjustments to the state's nearly \$60-million budget over the next few months.

For the current fiscal year, the agreed-on estimates show \$1.98 billion less in the state's General Fund and \$1.25 billion less in the School Aid fund compared to January estimates; with \$1.92 billion less for the General Fund and \$1.14 billion less for the School Aid Fund in the fiscal year 2020-21 which begins Oct. 1.

Officials also agreed that combined revenues for the current fiscal year are down 12 percent, which, along with a 3.5 percent growth projected for the 2020-21 fiscal year means a combined \$3.05 billion less than the January 2020 consensus estimates.



[Graph from the Research Seminar in Quantitative Economics, University of Michigan, presentation for the Consensus Revenue Estimating Conference, May 15, 2020.]

COVID-19 CONTACT TRACING CONTRACT GOES TO GILBERT'S ROCK CONNECTIONS

After canceling a contact tracing contract with a group that had ties to the Democratic party, the State of Michigan has awarded Detroit-based Rock Connections LLC a \$1 million contract to lead coronavirus contact tracing efforts in the state. Technology integration for the project will be handled by Deloitte which has an existing contract with the state.

Rock Connections, a call center company backed by Detroit billionaire Dan Gilbert, has experience in scheduling and customer relationship management, as well as phone bank and text messaging technology.

The company was approved by the State Emergency Operations Center, as opposed to the previous canceled contract that was only approved by four Department of Health and Human Service staffers.

According to DHHS, Rock Connections was chosen because it is a Michigan-based company that can hire locally and has the "appropriate technology to train adult learners in an engaging way."

With a contract that began May 4 and goes through Oct. 31, 2020, Rock Connections will be working to help prevent community spread of COVID-19 by overseeing more than 3,500 volunteers who will contact residents who may have been infected with COVID-19 and interview their friends, family members and other close contacts about their own current health. The volunteers will make calls seven days a week and provide information and next steps so residents can monitor their health.

In addition, DHHS will also be hiring paid staff to support the partnership.

Volunteers will log responses to see if the contacts are symptomatic and if needed, refer them to public health teams for additional follow-ups. Part of the contract includes creating an automated text message system. Residents who are contacted through the program will be able to opt-in after the first contact.

STATE TO PAY STUDENT PLAINTIFFS, DETROIT SCHOOLS IN RIGHT-TO-LITERACY SETTLEMENT

Governor Gretchen Whitmer announced details on Thursday of a lawsuit settlement which from the Sixth Circuit Court of Appeals for the state of Michigan to pay seven Detroit student plaintiffs \$280,000 each and pay the Detroit Public Schools Community District \$2.72 million to fund literacy-related programming.

The landmark lawsuit that asserts a fundamental right to a basic minimum education was originally filed against Gov. Rick Snyder in 2016.

Along with the settlement, Gov. Whitmer agreed to propose legislation that would aim to provide at least \$94.4 million to the Detroit Public Schools Community District for literacy-related programs and initiatives.

Whitmer is also going to request that the Michigan Department of Education advise school districts state-wide on using evidence-based literacy strategies, initiatives and programs to improve access to literacy and reading proficiency, with special attention to reducing class, racial and ethnic disparities.

Although the settlement was announced, on Wednesday however, 10 states have filed a brief in support of the Michigan legislative Republicans requesting the full 6th U.S. Circuit Court of Appeals hear the case. Attorneys representing the Republican legislative majorities filed a motion last week to intervene and request that the full 6th Circuit Court hear the case. The states supporting the petition include Tennessee, Arkansas, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Nebraska, Ohio and Texas.

MM&A Briefs

Former Sen. Morris Hood III Remembered

Former Sen. Morris Hood III, 54, died Tuesday from COVID-19. Morris represented the city of Detroit in the Michigan House from 2003-08 and in the Senate from 2011-2018. Hood was the son of legendary Rep. Morris Hood Jr. who served from 1971-98. He had recently begun working for Wayne County Executive Warren Evans. Hood underwent a kidney transplant required by diabetes in 2016 and had struggled to regain his health.

Gov. Gretchen Whitmer served with Morris for more than three years in the House and Senate. Many have commented on Hood's heartfelt speech on the last session day in 2013, after his wife had died earlier in the year.

Labor Day Mackinac Bridge Walk Canceled

The Mackinac Bridge Authority announced this week that the annual Mackinac Bridge walk during Labor Day is officially canceled for 2020 due to the coronavirus pandemic. The board voted unanimously to suspend this year's event.