

## SENATE RESOLUTION NO.126

Senators Hertel, Moss, Brinks, Chang, Wojno, Polehanki, McMorrow, Irwin, Santana, Bullock, Alexander, McCann, Geiss, Hollier, Bayer and Ananich offered the following resolution:

1 A resolution to memorialize the Congress and President of the  
2 United States to provide additional funding to help state and local  
3 governments with significant budget shortfalls due to the COVID-19  
4 Pandemic and to make existing COVID-19 funding more flexible.

5 Whereas, The COVID-19 Pandemic has significantly impacted  
6 Michigan and the United States. Since the first reported cases in  
7 Michigan on March 10, 2020, more than 64,000 Michiganders have been  
8 infected and nearly 6,000 have lost their lives to the virus.  
9 Nationally, there have been more than 1.9 million infections and  
10 110,000 confirmed deaths; and

11 Whereas, Unprecedented measures have been required to mitigate

1 the virus' spread and protect public health. Governor Gretchen  
2 Whitmer, and other public officials across the country, have issued  
3 orders prohibiting large gatherings, closing schools, and requiring  
4 the temporary closure of nonessential businesses. The White House  
5 Coronavirus Task Force's guidelines also recommended the closure of  
6 places where people gather when there is evidence of community  
7 transmission; and

8       Whereas, The cost of preventing the spread of COVID-19 and  
9 protecting Michigan's citizens has been a dramatic decline in state  
10 tax revenue. As businesses are shut down and residents are out of  
11 work, the projected revenue from income, sales, and other taxes has  
12 dropped precipitously. In Michigan, projected General Fund revenue  
13 has been reduced by \$2 billion and projected School Aid Fund  
14 revenue has declined by \$1.2 billion for Fiscal Year 2020. Even as  
15 businesses re-open and restrictions on movement are lifted, the  
16 economic fallout from fighting COVID-19 will remain. Significant  
17 budget holes are projected in Fiscal Year 2021 as well; and

18       Whereas, Failing to mitigate budget shortfalls will result in  
19 unprecedented cuts to core government functions and may hamper  
20 states' ability to respond to and recover from the COVID-19 crisis.  
21 Michigan is required to have a balanced budget each year. In order  
22 to meet this requirement, cuts may be necessary to every facet of  
23 the state's budget, including health care and economic development  
24 programs. Cutting these programs during the public health emergency  
25 and economic devastation brought by COVID-19 will make it much more  
26 difficult for the state to recover from the crisis; and

27       Whereas, Unmitigated deficits will negatively impact the  
28 ability of schools to safely or adequately return to operation next  
29 school year. Projected shortfalls in Michigan's School Aid Fund

1 could require state funds for schools to be cut roughly \$700 per  
2 student, or about 8.6 percent, for the current school year and  
3 further deficits are projected for the 2020-2021 school year.  
4 Allowing these reductions to occur may lead to layoffs and program  
5 cuts worse than those that occurred during the Great Recession. In  
6 addition, forcing schools to accept draconian cuts will affect  
7 their ability to adopt the precautions necessary to protect their  
8 students from COVID-19 when in-person education resumes; and

9       Whereas, Local governments are also facing significant budget  
10 holes and potential spending cuts. These governments are being  
11 affected by falling state and local revenue, as local tax revenue  
12 has dried up and state budget shortfalls could require significant  
13 reductions in state revenue sharing. Local units are expected to  
14 face millions of dollars in budget deficits in the coming year, and  
15 they face the possibility of cutting essential local services to  
16 make ends meet. Services that may face funding reductions include  
17 public safety funding, local infrastructure spending, and social  
18 programs for residents; and

19       Whereas, While Congress has already enacted some federal aid  
20 for states, its limited scope and restrictions will be insufficient  
21 to weather the effects of the Pandemic. Michigan is currently  
22 expected to receive about \$3.8 billion from the federal Coronavirus  
23 Aid, Relief, and Economic Security (CARES) Act, but the funds may  
24 only be used for expenses associated with the Pandemic; and

25       Whereas, The majority of Michigan's local governments will not  
26 receive any direct aid from the CARES Act. The act only provides  
27 direct aid to local governments with a population of 500,000 or  
28 more. As a result only five of Michigan's local governments - the  
29 city of Detroit and Wayne, Oakland, Macomb, and Kent counties -

1 will receive federal aid under the act. This means that more than  
2 99 percent of Michigan's 1,856 local governments have been excluded  
3 from direct federal aid; and

4       Whereas, Increasing the flexibility states have when using  
5 CARES Act aid and providing additional federal funding will help  
6 allay the budgetary effects of the COVID-19 Pandemic. Allowing  
7 states to use CARES Act funding for costs that are not directly  
8 associated with the Pandemic will help to address their projected  
9 revenue shortfalls. Providing additional funding will guarantee  
10 relief is available to local governments that were excluded from  
11 the CARES Act aid. Together, these actions will ensure the response  
12 meets the scale of the crisis that states and local governments are  
13 facing; now, therefore, be it

14       Resolved by the Senate, That we memorialize the Congress and  
15 President of the United States to provide funding to help state and  
16 local governments with significant budget shortfalls due to the  
17 COVID-19 Pandemic and to make existing COVID-19 funding more  
18 flexible; and be it further

19       Resolved, That copies of this resolution be transmitted to the  
20 President of the United States, the Speaker of the United States  
21 House of Representatives, the President of the United States  
22 Senate, and the members of the Michigan congressional delegation.