

WEEKLY UPDATE

May 24, 2021



Consensus Revenue Estimating Conference

Last Friday, the Consensus Revenue Estimating Conference (CREC) greatly increased the state's anticipated revenue by an estimated \$2.04 billion in General Fund and School Aid Fund money for the current FY20-21 and an additional \$1.48 billion in combined funding for the FY21-22. This is in addition to roughly \$6.5 billion in federal stimulus money the state has yet to spend.

This is drastic change of events as last year near the start of the pandemic, estimates were around a \$6 billion shortfall over the same time span. Even the January CREC numbers were dire, with a projected \$500 million shortfall for the General Fund and a flat School Aid Fund estimate.

While the short term revenue outlook is positive, there are underlying economic indicators that may be troubling. The massive rebound in revenue is generally attributed to direct stimulus payments and increased unemployment benefits that consumers have turned around and spent on taxable goods more so than services. With the federal programs tapering down, revenues are anticipated to flatten out in the future making the current surplus more suited towards one-time investment than ongoing funding. Additionally, the extra spending and low interest rates have some experts citing inflation as a future concern. Businesses across all sectors are looking for workers as restrictions loosen and the economy rebounds. However, unemployment remains high and workforce participation low. This is potentially attributed to the increased unemployment benefit, lack of access to child care and/or transportation.

Recent negotiations between Gov. Whitmer's administration and Republican legislative leaders have yielded an opportunity for the State Budget Director, David Masseron, to be part of the budget process. The last two state budget cycles for the Governor were awkward, with the Republican legislature sending a budget to her just before the constitutional deadline of Oct 1st in 2019 and a hastened budget process during the COVID pandemic in 2020. A law was passed after the 2019 fiasco requiring the legislature to send a budget to the Governor by July 1st, that is currently being used as the deadline as negotiations move forward.



Updated MIOSHA Guidelines and MDHHS Gathering and Mask Order

Governor Gretchen Whitmer today announced updates to the Michigan Occupational Safety and Health Administration's (MIOSHA) **COVID-19 emergency rules** as many employers return to in-person work. The governor also announced an updated Michigan Department of Health and Human Services (MDHHS) COVID-19 Gatherings and Face Masks epidemic order, eliminating outdoor capacity limits and increasing indoor social gatherings to 50% capacity, which is set to take effect on June 1.

As part of a bipartisan **agreement announced by Gov. Whitmer**, MIOSHA filed updated **COVID-19 emergency rules** in accordance with the MI Vacc to Normal plan and recent health guidelines and orders. Now that the state has reached the 55% vaccination threshold, MIOSHA has removed the requirement that employers must create a "policy prohibiting in-person work for employees to the extent that their work activities can feasibly be completed remotely." The agency has also rescinded the draft permanent COVID-19 rules, and the public hearing scheduled for Wednesday, May 26 is canceled.

MIOSHA has updated other aspects of the emergency rules to reflect the recent **order from MDHHS** and guidance from the CDC. Those changes include:

- Employers may allow fully vaccinated employees to not wear face coverings and social distance provided they have a policy deemed effective to ensure non-vaccinated individuals continue to follow these requirements.
- The rules have been reformed focusing on performance, eliminating industry-specific requirements. Definitions have been updated to more clearly reflect changes in close contact and quarantining requirements for fully vaccinated employees.
- Cleaning requirements have been updated to reflect changes in CDC recommendations.
- Employers should continue to have and implement a written COVID-19 preparedness and response plan in accordance with the updated rules.

MIOSHA filed the updated emergency rules on Friday, May 21 with the Michigan Office of Administrative Hearings and Rules and anticipates these changes will take effect Monday, May 24. While the updated emergency rules will expire on Thursday, October 14, as this announcement demonstrates, MIOSHA has the flexibility it needs to ensure consistency with public health guidelines and can rescind all our parts of the rules.



Based on the science and data at the time the process of creating permanent rules began, the agency utilized the process provided by law to ensure it could continue to keep employees safe if the pandemic remained when the emergency rules expired. With the recent updates from CDC and the MDHHS epidemic orders, MIOSHA is confident that these rules are not necessary.

Visit Michigan.gov/COVIDWorkplaceSafety for additional information.

MDHHS also updated its COVID-19 Gatherings and Face Masks epidemic order, eliminating outdoor capacity limits and increasing indoor social gatherings, including weddings, conferences and funerals, to 50% capacity. Under the new order, which goes into effect Tuesday, June 1, and continues through Thursday, July 1, masks will continue to be required indoors for individuals who are not yet vaccinated.





Social Media

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Additional Resources

- www.michigan.gov/coronavirus.com
- www.michigan.gov/ag
- www.cdc.gov/coronavirus.com
- www.michiganbusiness.org

KJL Team Contact Information

- | | |
|---|--|
| Ron Khoury
ron@kjlteam.com
(517) 881-6356 | Karen Currie
karen@kjlteam.com
(616) 706-2282 |
| Stephanie Johnson
stephanie@kjlteam.com
(517) 648-1602 | Mike Zimmer
mike@kjlteam.com
(517) 285-4126 |
| Andy Leavitt
andy@kjlteam.com
(810) 625-0861 | Brian Clark
brian@kjlteam.com
(517) 410-3430 |
| Marcy Lay
marcy@kjlteam.com
(517) 282-3295 | Lauren Bunn
lauren@kjlteam.com
(616) 826-1262 |
| Ryan Burtka
ryan@kjlteam.com
(313) 605-3878 | |