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## STATE EDITION

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The Legislature returned from their two-week break and the focus remains squarely on the budget. Highlights this week include:

- The House passed the fiscal year 2010 Department of Community Health budget on a 65-44 vote. The bill included funding for the Nurse-Family Partnership program as well as the 0-3 Secondary Prevention program that were proposed to be cut in the Governor's budget proposal. The bill has been referred to the Senate DCH Appropriations sub-committee.
- The Senate School Aid and Department of Education Appropriations sub-committee held their first hearing on the fiscal year 2010 budget. The State Budget Office testified on the Governor's proposal and the Senate Fiscal Agency detailed the version that passed the House.
- The majority caucuses in each chamber finalized their respective lists of proposed cuts for the current fiscal year and negotiations continued on a solution to the current fiscal year shortfall.

As I indicated last week, state revenue collections continue to come in well under earlier projections. The Governor and legislative leaders have agreed on a target number of \$780 million as the current projected shortfall for this fiscal year. That number will have to be achieved through a combination of spending reductions and the use of available stimulus dollars. The House Democrats, Senate Republicans, and the Governor's budget office are finalizing an agreement on an Executive Order that will be presented to the Legislature within the next couple of weeks. The Executive Order will consist of cuts to the current fiscal year budget that have presumably been agreed to by the Majority Leadership Teams in each chamber. Once the Executive Order has been presented to the Legislature, it must pass the full Appropriations committee of each chamber within 10 days to take effect.

I anticipate the Executive Order to total between \$200-\$300 million. This will be a combination of caseload adjustments from various state programs and straight spending reductions from other budget areas. A number of large spending areas, including K-12 education, Higher Education, and Medicaid are off the table for cuts due



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to specific language within the stimulus legislation requiring states to preserve funding for those programs. The remainder of the current year shortfall will be made up through the use of available stimulus dollars, which naturally limits the availability of these dollars for new or expanded programs in the future. Any adjustments or reductions that are enacted in the Executive Order will almost certainly also be made in the fiscal year 2010 budgets that will continue to work their way through the legislative process. I will be following this situation very closely.