

Governor Gretchen Whitmer / Kelley Cawthorne Meeting

Thursday, June 18th, 3:30 p.m.

Governor Whitmer:

- I would like to share what the experience has been over the last few months. There is no playbook for this moment!
- When COVID-19 was growing exponentially in Michigan, it was clear that we as a nation were unprepared for this crisis.
- I was on calls early with my fellow Governors across the country and the White House, it was clear we as Governors needed to step up and lead the effort on behalf of our states.
- One of the things I truly am grateful for in this moment is the incredible team I have and the amazing business in this state that have stepped up to produce PPE.
- I have befriended so many fellow Governors! We are all building the plane as we fly it. Being able to share resources, thought processes, and information has been important while navigating a lot of tough things. Every order that I have executed has weighed heavily on me.
 - o Taking kids out of k-12 school, I knew that 1.5 million kids were not going to get the education they needed. On top of it, 50% of those would not be receiving the food they need because of free and reduced lunch.
- As cases were growing just ten weeks ago and hospitals were at capacity, we only had enough PPE to last ONE single shift in our hospitals.
- Therefore, it was vital we got to work right away to set up a global procurement operation in our state of emergency operation center.
- Execute swiftly and consult the best epidemiologists and minds in public health. We have made incredible sacrifice thus far. These executive orders have been made to keep people safe.
 - o Between job loss and business loss along with those mourning the loss of a loved one due to COVID-19, yet here we are...
- Michigan is one of two states that is on track to contain COVID-19. This incredible sacrifice has paid off! The orders were important there is no question. Thousands of lives have been saved.
 - o I would also say, the people of Michigan stepped up. By in large, people have supported each action and have taken it upon themselves to protect their families.
- I cannot tell you what the business is, but I was chatting with the CEO of a business who is from the South, relocating to Michigan partly due to the response this state has had against COVID-19. This specific business is reliant on citing facts, and they said we have done exactly that!
- My biggest fear is people getting too relaxed and dropping their guard causing a second wave or resurgence.
 - o The key will be to contain it before it grows exponentially!

- We need to continue to re-engage our economy which has been informed by the Michigan Economic Recovery Council (MERC) that we are doing this right, and its working, but we will have to keep our guard up.
- We have other things on our mind like the budget and moving policy forward, along with the fourth supplemental which will be coming from the Federal Government.

Q1: What do you see as the path for resolving FY20/FY21 budget deficits?

A: It is very clear that COVID-19 has had a huge impact on our state budget including the billions of dollars we are short on in both this fiscal year and next fiscal year. For perspective, this is not unique to Michigan. That is why as the nation's Governors have convened from both sides of the aisle while trying to bear some of the decisions coming out of Washington DC. The fourth supplemental or HEROES Act would go a long way to meet the needs of our public education, public health and public safety. The discretionary part of our overall state budget is the same size as it was 20 years ago. It is disproportionately dedicated to public education, public health and public safety. If we are not in a position where we get support from the Federal government to balance this budget and move forward with the flexibility and resources to be successful, then those are the biggest areas in our budget which would be in jeopardy. That would be the worst possible outcome while we are amid a global pandemic. I really do believe congress will move forward on a fourth supplemental; will it look like the House portion? No, of course not. The Senate will need to put their imprint on it! I am hopeful that the republican leaders in our legislature who have indicated they are lobbying the White House, are following through with that! Many businesses have offered to do the same. The fundamentals in educating our kids will be a challenge. Every state in the nation is in this spot. Regarding timing, I think we will be white knuckling it, but come July we should have a better picture of what we will be working with.

Q2: How do you see the relationship with the legislature moving forward to help backfill some of the hopeful federal dollars into our deficit(s)?

A: We negotiated the supplemental. Jenn Flood, who is on the call, has done a fantastic job. It is difficult when they are suing me to try and take away my powers to convene in a traditional sense, but the fact of the matter is we have a job to do. I am going to stay focused on making decisions based on the best science and facts. I am grateful of the work we have made with House Speaker Chatfield and Senate Minority Leader Jim Ananich. The supplemental will hit my desk tomorrow and I look forward to signing that as there is a lot of good stuff in there. At the end of the day people can quibble with whatever they want, but the facts speak for themselves.

Q3: Another topic and top priority is fixing the damn roads. We have plenty of clients on this call who have continued to be very supportive of that initiative and want to continue to be. With this difficult budget situation, how do you propose that road funding continues to be a priority?

A: There is no question that we have to fix the damn roads! They have not gotten better over this time of crisis. We are moving forward with a road plan and discussing with MDOT what that looks like. Certainly, the bonding was and still is the plan, but changes will have to be

made. As we move forward with COVID-19, we have MDOT reviewing the “Rebuilding Michigan” project schedule and revenue base. This supports the pay as you do projects and bond financed projects. Any adjustments required as a result of a lower revenue base will be reviewed with the objective of maintaining what we had scheduled for our FY 2020/21 project plans. Some of the financing mechanisms have been impacted by COVID-19 which have to be reconfigured a bit.

Q4: From the employers’ point of view, the agendas of the Federal government and the State regarding people re-entering the workforce does not always align. The added \$600/week Federal bonus have discouraged laid-off employees to go back to work and re-enter the job market. Do you have recommendations for employers trying to navigate between keeping people safe at home and trying to maintain economically viable options?

A: I appreciate the question and am aware at the difficult position employers have been put in. We are working very hard and diligently so we can help provide some resolution. I think Jeff Donofrio (LEO) has worked hard to make sure employers have tools while keeping their workforce intact. We have expanded the Unemployment Insurance Agency workshare program. That has been crucial for employers who are starting to ramp-up but are not at 100% yet. They can keep their workforce engaged at a lower level and the state will help make up that difference. Drawing down the \$600 that Congress made available, it was very important that we used it correctly and early. The \$600 will be removed soon and we want to transition into using these benefits to start activating employees. You can have multiple plans within a workforce. We have expanded eligibility and protections to those exposed. There are a lot of different pieces as to how we are helping employers. It is very important to survey the landscape. We are not afraid of stealing an idea if it is one that is beneficial to all.

Q5: Regarding the Executive Orders, there has been so much work your administration has done to help keep everyone safe. With clients who have questions around the E.O.’s and how they impact their businesses going forward, can you provide a suggestion or best way to navigate going forward?

A: I was on a call with a bi-partisan group of Midwest Governors to make sure we have an open dialogue with our neighbors. This list includes the Governors from Ohio (DeWine), Indiana (Holcomb), Illinois (Pritzker), Minnesota (Walz), Wisconsin (Evers), Kentucky (Beshear). We are all experiencing the exact same thing and there is some levity and comfort in knowing that, despite the makeup of our respected legislatures, the major media blowouts, etc. As we have proceeded with the Executive Orders, it is crucial we stay in a State of Emergency so the Executive Orders will carry the force of law. I do not want people to think we are out of the woods yet. Regarding the E.O.’s, every single one has weighed heavily on me and has legal, health and business ramifications. If there are questions and clarity that is needed, I would welcome all those questions to my office. It will be forwarded onto our legal team led by Mark Totten. We want to work with people to promulgate FAQ’s in order to improve on these orders, we are always eager to do that!