GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GARLIN GILCHRIST II
LT. GOVERNOR

EXECUTIVE DIRECTIVE

No. 2020-3

To: State Department Directors and Autonomous Agency Heads
From: Governor Gretchen Whitmer
Date: March 30, 2020
Re: Restrictions on State Discretionary Spending During the COVID-19 Emergency

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On March 10, 2020, with Executive Order 2020-4, I declared a statewide state of emergency due to the spread of the novel coronavirus ("COVID-19"). This is a new strain of coronavirus that had not been previously identified in humans, can easily spread from person to person, and can result in serious illness or death. There is currently no approved vaccine or antiviral treatment for this disease.

In response to this pandemic, I have taken a series of significant and necessary actions to protect the health and safety of Michigan's residents. These actions include the coordination of response activities through the State Emergency Operations Center and other measures to mitigate the spread of the virus, such as temporary restrictions on travel, gatherings, in-person work, and entry to places of public accommodation. These actions have provided essential protections to our state and its residents during this unprecedented public health crisis, but they carry with them unavoidable financial costs. The critical response activities undertaken by state departments and agencies will have a significant impact on the state budget. In addition, the necessary restrictions put in place to mitigate the spread of COVID-19 are expected to curtail economic activity in Michigan and substantially impact revenue collections by the state treasury. In anticipation of these impacts, state government must take action now to limit its discretionary spending, to help ensure that the COVID-19 pandemic does as little harm as possible to both the public health and the fiscal health of this state.

Acting under sections 1 and 8 of article 5 of the Michigan Constitution of 1963, I direct the following:

1. Given the severity of the fiscal challenges currently confronting state government due to the COVID-19 pandemic, departments and agencies within the executive branch of state government must restrict all discretionary spending and continue to aggressively implement cost containment strategies, including the identification and implementation of administrative efficiencies and economies to generate budgetary savings.

2. This directive applies to, but is not limited to, all non-essential contracts, purchases, travel, training, and other forms of discretionary expenditure.

3. Expenditures for the following categories of activities are exempt:

   (a) COVID-19 response activities coordinated through the State Emergency Operations Center necessary to address the emergency.

   (b) Activities required by specific legal mandate, federal mandate, or court order.

   (c) Activities critical to protecting the health, safety, or welfare of Michigan residents, including residents of a state institution or facility.

   (d) Activities necessary to produce budgetary savings, protect existing state revenue, or secure additional state revenue.

4. State department directors and autonomous agency heads must closely and regularly monitor expenditures to ensure compliance with this directive.

5. The State Budget Office and the Department of Technology, Management and Budget ("DTMB") must review department and agency expenditures on a regular basis. DTMB must make every effort to further reduce total state spending, including but not limited to implementing limits on the use of statewide contracts, direct vouchers, procurement cards, and employee reimbursements. If the state budget director and the director of DTMB determine that a department or agency has failed to demonstrate significant and continuing progress in complying with this directive, DTMB must rescind procurement authority delegated to the department or agency, including, but not limited to, a delegation authorized under section 261 of the Management and Budget Act, 1984 PA 431, as amended, MCL 18.1261.

6. All departments and agencies must cooperate fully with the state budget director and DTMB in this effort.

This directive is effective immediately and will remain in effect until further notice.

I extend my sincere appreciation for your assistance in implementing this directive and for the continued hard work of state employees as we respond to this public health emergency and the state's resulting fiscal challenges.

GRETCHEN WHITMER
GOVERNOR

Date: March 30, 2020

Time: 5:40 am