

CAPITOL NEWS UPDATE

WEEK OF JUNE 14, 2013

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HOUSE PASSES MEDICAID BILL

With strong support from Democrats, the House on a 76-31 vote, approved House Bill 4714, moving more than 300,000 Michigan residents closer to gaining health coverage through Medicaid and pave the way for Medicaid expansion under the federal Affordable Care Act.

The Michigan bill would also institute major reforms to the program by instituting healthy-living incentives and creating health savings accounts for enrollees.

A major addition is a 48-month limit for the expanded Medicaid population. After non-disabled adults hit the four-year limit they would have choices – up their contributions for Medicaid to between 3 and 7 percent of their income or leave Medicaid and get their coverage through the new federal health exchange.

Initially under the bill, the 48-month limit was a cap that stopped Medicaid coverage for non-disabled adults after that period.

That tweak of the legislation appeared to be the move that brought the Democrats on board.

The measure is now teed up for action in the Senate next week.

The issue has rankled Tea Party folks in the state. More than 30 Tea Party activists have vowed in a letter to withhold support from Gov. Rick Snyder in his likely reelection campaign because of his strong push for the Medicaid expansion.

2014 BUDGET A DONE DEAL

Michigan's \$48.7 billion 2014 budget has been signed, sealed and delivered.

Gov. Rick Snyder on Thursday signed the state's spending document that includes the \$33.6 billion FY 2014 "Big Bus" general omnibus budget and the \$15.1 billion FY '14 "School Bus" education omnibus education budget.

Included in the general omnibus and education omnibus budgets are funding increases for Michigan's public universities, schools and local revenue-sharing programs.

Revenue sharing will see a 4.8 percent increase, for K-12 schools, the budget increases foundation allowances by \$43.5 million, public universities will see a \$31.3 million overall increase with tuition increases capped at 3.75 percent, community colleges will receive a 2 percent hike in operations funding, and transportation needs will get a \$350 billion boost.

There was also increased money for childhood education, veterans' programs, public safety initiatives, Healthy Kids dental and individual tax relief.

Not included was any funding in the Department of Education budget to implement Common Core curriculum standards, or money in the Department of Community Health budget for Medicaid Expansion to some

300,000 low-income residents, nor did it include a total answer to Snyder's \$1.2 billion request for increased transportation funding.

FINANCIALLY DISTRESSED SCHOOLS BILLS CLEARS A STRESSED HOUSE

With the clock ticking near midnight Thursday, bipartisan negotiations in shambles and Democrats united in opposition, the Republican-controlled House jammed through legislation (HBs 4813 and 4815) that aims to define a process for the state to dissolve financially distressed schools – Buena Vista and Inkster. Under the bills, students in those schools would be sent to nearby school districts.

The vote was 58-49.

Originally, the package would have allowed the state superintendent and state treasurer to declare any district that met certain qualifications as financially unviable, which would then allow for the district to be dissolved.

However, added amendments specify that only schools with fewer than 2,500 pupils could meet the requirements and that for schools to qualify, the number of pupils in the most recent school year had to be 10 percent less than the prior year.

Democrats charged that the legislation introduced just a week ago was being rushed through, doesn't solve the root problem, and decreases local control.

SNYDER ORDERED TO TURN OVER SUBPOENAED DOCUMENTS

Ingham County Circuit Judge William Collette has ordered Gov. Rick Snyder to turn over the names of more than 20 applicants for the Detroit Emergency Manager (EM) position along with related communications.

The order is in response to a lawsuit brought by AFSCME employee Robert Davis who alleges the appointment of Detroit EM Kevyn Orr violated the Open Meetings Act.

A Snyder spokesperson said the court strayed from the issue of the Open Meetings Act and instead clearly turned it into a fishing expedition.

But the court ruling gives Davis the right, for the second time, to depose Richard Baird, Snyder's transformation manager. In the first deposition Baird invoked executive privilege.

There also is a timing issue that Davis is trying to tie down. Baird was tasked with finding an EM candidate in February which was before the Governor officially declared an EM in Detroit was required.

ROAD FUNDING STILL FACES ROADBLOCKS

With lawmakers scheduled to begin their summer recess on June 21, it isn't likely there will be any solution to Gov. Rick Snyder's ambitious \$1.2 billion road funding plan.

Senate Majority Leader Randy Richardville says it is more likely something could be considered in late summer or early fall. He said the Senate is likely to come back during the last week of August so if the Legislature decides to go the ballot question route to raise money for roads, it could meet the early September deadline for the November ballot.

And there may be trouble brewing in those ongoing quadrant meetings of legislative leaders with Gov. Rick Snyder and Lt. Gov. Brian Calley over details leaking out to the media about negotiations.

Senate Minority Leader Gretchen Whitmer (D-East Lansing) says she won't participate in any more of the meetings because of the leaks.

According to media reports, Whitmer wants a “dollar for dollar” return of the money that has been siphoned off from the School Aid Fund during Snyder’s first budget year – about \$1 billion. Whitmer wouldn’t comment.

Meanwhile, the House Transportation and Infrastructure Committee continues to meet with a variety of transportation-funding reforms under consideration, but with no timetable on advancing a comprehensive package.

A draft substitute for House Bill 4632 would dump a provision that would establish a \$75 registration tax for electric and hybrid vehicles which would have been in addition to regular value-based fees motorists would pay on other vehicles. The measure would increase the cost of registering most passenger vehicles between \$5 and \$12.

POLITICS AND POLLS

Land takes the first step. Using Facebook to make her announcement, former Secretary of State Terri Lynn Land said she is putting together a campaign strategy and a policy team and will be filing the appropriate paperwork by July 1 to become an official Republican candidate for U.S. Senate to replace Sen. Carl Levin who is retiring at the end of his term in 2014. “Now is our chance to win,” Land said.

Rogers announces he is not running. U.S. Rep. Mike Rogers (R-Brighton), who has been toying with running for the U.S. Senate in the November 2014 election, announced he is “a no go.” Rogers chairs the Permanent Select Committee on Intelligence, Energy & Commerce, and said he can better serve his constituents in the House of Representatives.

Duggan bounced from ballot. A residency issue is putting Mike Duggan’s Detroit mayoral candidacy in question. Wayne County Circuit Court Judge Lita Popke has ruled Duggan isn’t eligible to run because he hasn’t lived in Detroit for requisite one-year at the time of filing for office as required in the new Detroit City Charter. Until 2012 when the charter was redone there was no durational residency requirement for elected officials. Duggan says he will appeal the ruling. Tom Barrow, also a candidate, brought the suit.

M M & A BRIEFS

Snyder declares financial emergency in Hamtramck. Gov. Rick Snyder has declared the city of Hamtramck to be in a state of financial emergency – a move that sets the stage for him to appoint an Emergency Manager following a request by Hamtramck officials for a hearing if they want one. A review team found that the city had delayed making required monthly pension contributions to the Municipal Employees Retirement System of Michigan (MERS) as well as acquiring a \$3.3 million General Fund deficit.

Lawmakers launch fireworks bill, lands on Snyder’s desk. Gov. Rick Snyder is expected to sign legislation (HB 4743) before the Fourth of July that would expand the ability of local units of government to regulate the use of fireworks to overnight hours around holidays. However, Mackinac Island will not get a special exemption under the measure that cleans up a 2011 bill permitting private use of aerial fireworks in Michigan. The redo is in response to residents complaining about an increase in fireworks use all summer.

So does the booze bill. Also awaiting the Governor’s signature is legislation (SBs 0079 and 0027) that would allow wine tasting and sales at a farmers market and the purchase of beer growlers at bars and restaurants. Tasting and sales would be limited at the farmers markets to wineries that produce 5,000 gallons of wine or less a year. Resealable growlers would be limited in capacity to one gallon or less.

Governor signs forest products industry/management bills. A nine-bill package of legislation, that has been eight years in the making, has been signed into law by Gov. Rick Snyder. The measures would streamline harvesting of trees on private property in the state by offering incentives, educational and technical assistance for owners who choose to enter the state’s Qualified Forest Program. They could also boost the harvest from its current 70,000 to 80,000 acres to 1.2 million acres.

Feds reject Native American mascot complaint. A complaint from the Michigan Department of Civil Rights alleging that schools with Native American mascots violated the Civil Rights Act and should not get financial assistance has been rejected by the U.S. Department of Education (DOE). In a letter, the DOE said state officials had failed to provide any specific examples of how the mascots caused “specific harm” to any school or its students.

State revenues up again. The state’s tax revenues were up again in May, although not as big a bump as was recorded in April. Numbers released by the Senate Fiscal Agency (SFA) showed May collections almost \$72 million above estimates, with sales tax proceeds up and income and business tax payments outdistancing projections. Michigan Business Tax revenues were negative due to refunds but less than had been expected.

Gremiel picks a chief of staff. House Minority Leader Tim Greimel (D-Auburn Hills) has picked political strategist Todd Cook as his chief of staff, succeeding Adrian Hemond in the permanent position. Cook has been serving as a partner in the consulting firm Main Street Strategies which does political consulting work for Democratic candidates.

CALENDAR OF IMPORTANT EVENTS

- June 20 Last scheduled day of House and Senate session before summer recess
- June 25/27 House has scheduled tentative session days for that week
- July 4 4th of July Holiday – State offices are closed
- July 8 Sen. John Moolenaar (R-Midland) Golf Outing
Location: 9 a.m., Treetops Resort, Gaylord