



## Michigan ROUNDUP

### Legislative Week in Review

- Governor John Engler's executive-ordered budget reductions in FY 1990-91 spending were rejected this week by the House Appropriations Committee. This action nullified earlier approval of the Engler package by the Senate Appropriations Committee, since statutes require ratification by both bodies, and gives the governor 30 days in which to draft new executive orders. The House committee also rejected the Department of Management and Budget (DMB) alternative transfer package (accepted by the Senate committee last Thursday) in the following budget areas: social services, mental health, corrections, regulatory, natural resources, agriculture, and the civil rights portion of the general government budget. The daunting 9.2 percent across-the-board cuts passed by the legislature last December thus would take effect immediately in these budget areas unless otherwise specified, and the DMB alternative cuts would be imposed in the remainder of the budget. Negotiations are under way, however, on the 9.2 percent slashes. The *New York Times* reported Wednesday that Michigan stands to lose \$450 million in federal matching grants for social services if the proposed cuts stand. Meanwhile, Standard and Poor's, a New York bond rating service, has put the state on a "credit watch," stating that if Michigan's fiscal dilemma is not resolved, its bond rating will drop for the first time since the recession of the early 1980s.
- In the face of employee layoffs and massive budget cuts, the Senate returned to session Thursday to reject unanimously a recommended raise for the governor and lieutenant governor, justices of the state supreme court, and legislators. The vote reflects what senators called the unfortunate timing of a proposed pay hike and marks the first time a salary recommendation from the State Officers' Compensation Commission has been overturned. The House is scheduled to take up the issue when it reconvenes on January 31.
- Obscured in the dust kicked up over pay and budget issues is the Governor's property tax reduction plan, unveiled last week. In a quick follow-up to a campaign promise, Engler proposed a 20 percent savings package for homeowners and businesses which combines assessment freezes, reduced assessment rates for school operating levies, and senior citizen exemption. The program, to be phased in over three years, carries a final annual cost to the state of \$1.2 billion; no revenue source has been identified for the plan.

### Political News

- Civil Service Commission approval of a pay hike for state employees of 4 percent may require an additional 2,600 layoffs to fund the increases, state officials warned this week. In a *Lansing State Journal* report, Michigan State Employee Association President John Deniston said his members see waste in state government that should be cut before asking workers to forgo previously negotiated increases. The commission's 3-1 ratification vote this week marked the conclusion of wage agreements with the state's 66,000 workers.
- Former Michigan State University Trustee Vice Chairman Kathy Wilbur has been named director of the state Department of Licensing and Regulation. Wilbur resigned from the MSU board to take the seat, heading an agency that Governor Engler has talked previously about eliminating. Newly appointed to the state university's board is Melanie Reinhold, a 1977 alumna and president of a Pontiac landscaping firm.
- Governor Engler has named the political director of his election campaign, who also headed his inaugural committee, to direct the state's Washington, D.C., office. LeAnne Redick, in addition to her work on Engler's staff, was deputy director of President Bush's successful Michigan election campaign.
- Two other gubernatorial appointments announced this week give Michigan a new adjutant general and a new State Police chief. Brig. Gen. Errol G. Stump, currently commander of the state's Air National Guard, will become director of the Department of Military Affairs. Stump's duties recently were expanded by an executive order transferring control of the state's two veteran's facilities from the Department of Public Health to Military Affairs. Col. Michael Robinson moves from head of the State Police Investigative Services division to the directorship of the department he has served for 23 years.
- *National Journal*, a weekly Washington, D.C., publication, has rated Michigan's Democratic U.S. representatives among the five most liberal contingents in the U.S. House. Using a 100-point scale on selected votes, the state's Democratic delegation earned an overall score of 83, tying with four other states for second place.
- Former Commissioner of Financial Institutions in Michigan Martha Seger announced Wednesday her resignation from the Federal Reserve Board. Appointed to a 14-year term in 1984 by President Reagan, Seger was the second woman named to the Fed in its 78-year history.