



*Public Sector Reports*

## Michigan **ROUNDUP**

### *Legislative Week in Review*

- Sen. John Kelly (D-Detroit) has proposed legislation that would provide health care insurance for the working poor. Kelly said his proposal would establish a universal health care fund in each county to be financed by mandatory contributions of 3 percent of wages from employees and employers. The program also would cover welfare recipients, whose insurance would be financed by state payments into each county's fund. Kelly said the state's cost would be about \$400 million. He estimated that 1.1 million residents have no health insurance and an additional 1.2 million have inadequate coverage. The state provides approximately \$2 billion, about 55 percent of it federal money, in Medicaid payments to 920,000 persons.
- The Senate Fiscal Agency predicts that growth of the Michigan economy will slow during 1989 and 1990, with personal income increasing 6.4 percent in 1989 and 4.1 percent in 1990. Income grew by 7 percent in 1988. Unemployment will rise from 7.6 percent in 1988 to 7.8 percent in 1989 and 8.5 percent in 1990. However, the agency projected that baseline state expenditures (an estimate of the level of appropriations required to fund programs to which the state is committed for various reasons) will exceed revenues by \$216.7 million in FY 1989-90 and \$223.4 million in FY 1990-91.
- According to the *Detroit Free Press*, Governor Blanchard's February 7 State of the State Message will propose creation of 15 prototype K-12 schools that will give teachers freedom to use techniques aimed at individual instruction as opposed to assembly-line classroom methods. Blanchard will also ask for legislation establishing higher student performance standards and decentralizing school systems.
- State Sen. William Sederburg (R-East Lansing) has suggested a petition campaign to enact tax increases on beer and wine to raise about \$168 million for new higher education programs. Sederburg proposes raising the tax on beer by 4.6 cents a can and the tax on wine by 92.6 cents per liter. The beer tax was set at 2 cents a can in 1968; the tax on non-Michigan wine was set at 13.5 cents (if alcohol content is 16 percent or less) or 20 cents per liter (alcohol content of more than 16 percent) in 1937. Wine produced from domestic grapes is taxed at one cent per liter. He said the campaign would need 191,000 signatures to require the legislature to implement the increases.

### *Political News*

- U.S. Rep. Paul Henry (R-Grand Rapids) fired what may be the first shot of the 1990 U.S. Senate campaign when he told a *Washington Roll Call* reporter that Carl Levin, the two-term Democratic incumbent, "favors the policies of the old economic era of southeast Michigan." Levin countered by saying that people in Michigan view him as a "Midwest Progressive, independent, voting my conscience, in nobody's pocket." Republicans believe Levin is vulnerable because the state's economy is no longer dominated by heavily Democratic organized labor and because he can be labeled a liberal ally of Michael Dukakis. Henry, who recently hired a veteran United Press International reporter to oversee an image-building campaign, says he has been "tempted, but not yet seduced" by Republicans urging him to run against Levin. Other potential candidates include U.S. Rep. Bill Schuette (R-Sanford), who commands extremely large financial resources and bills himself as "Michigan's congressman"; Jack Lousma, astronaut turned businessman, who lost a close race to Levin in 1984; Clark Durant, wealthy former chair of the National Legal Services Commission; James Dingeman, a Grosse Pointe businessman; and Dick DeVos (son of Amway Corporation co-founder Rich DeVos), 33, who claims money, plenty of experience in politics, and youthful energy as assets.
- Governor Blanchard raised \$968,027 for his officeholder expense fund and another \$208,594 for his campaign committee during 1988, according to the secretary of state's elections bureau. Blanchard now has at least \$431,203 for his 1990 reelection campaign. State Sen. John Engler (R-Mt. Pleasant), expected to contest Blanchard for the governorship, reported raising \$90,857 for his office account and \$22,337 for his campaign fund.
- Just three members of Michigan's congressional delegation—representatives John Conyers (D-Detroit), George Crockett (D-Detroit), and John Dingell (D-Trenton)—believe controversial 50-percent pay raises for congressmen should be approved, according to a *Detroit News* survey. Representatives William Ford (D-Taylor) and David Bonior (D-Mt. Clemens) declined to respond to the newspaper's question. House Speaker Jim Wright (D-Texas) is attempting to work out a compromise that will allow Congress to vote on the pay increases recommended by a special compensation commission and then reduce them. Michigan Democrats Donald Riegle and Carl Levin were among the 95 senators who voted to reject the pay raises Thursday.



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