



## Michigan ROUNDUP

### Legislative Week in Review

- Governor John Engler has ordered the use of \$140 million from the state's rainy day fund to avert **Department of Corrections** layoffs. The governor's executive order Thursday came after the House and Senate had adjourned for the day with no compromise resolution in sight for the state budget's \$1 billion imbalance. Earlier in the week, the Senate had approved adding \$139 million to the Corrections budget, and the House Appropriations Committee had reported out a supplemental funding bill (HB 4089) that would add nearly \$157 million to Corrections; HB 4089 also included \$223 million for Social Services and \$62 million for Mental Health. The House Appropriations Committee also approved a stopgap fund transfer that would have delayed layoffs for two weeks, but it did not gain Senate committee approval, nor was it acceptable to the administration.
- Governor Engler's order responded in part to the admonition of a U.S. District Court judge who ruled out guard layoffs at six state prisons, citing a federal decree mandating staffing and program levels. According to the Associated Press, Attorney General Frank Kelley advised the governor to take any necessary action to comply with the federal order. Engler's earmarking of state rainy day funds will apply to all the state's prisons, not just those under court oversight. His action averts the layoff of 2,400 Corrections employees, including more than 1,700 guards.
- At *Roundup* deadline, the status of about 5,000 additional employee layoffs—most of them concentrated in the departments of Social Services and Mental Health—was uncertain. With no budget compromise in sight, hundreds of layoff notices were set to be distributed on Friday, even as the House scheduled a rare Friday session to continue budget discussions. A House Democrat budget-balancing alternative to Governor Engler's proposal has been approved by that chamber's Appropriations Committee and is currently under review by the full House. In a related development, an Ingham County Circuit Court judge issued a temporary injunction Thursday barring the Department of Mental Health from closing facilities or laying off staff, pending a hearing next week. The action was sought by representatives of patients and staff who sued to stop the closing of four psychiatric hospitals.
- Against this chaotic backdrop, the economic and revenue forecast of the Senate Fiscal Agency (SFA) was not optimistic: Telling the Senate Appropriations Committee not to look for any improvement until at least mid-year, the SFA Wednesday hiked its November 1990 deficit estimates by \$118 million, up to \$1.097 billion (before the 9.2 percent reductions).

### Political News

- In his first **State of the State Message**, Governor John Engler renewed his calls for smaller state government and supremacy for education funding, while announcing that his wife, Michelle, will head a volunteer community action network called Helping Hands for Michigan. Republicans hailed the changes in policy direction in Engler's half-hour address and interrupted his text with applause nearly two dozen times. Democrats were mostly silent, in what House Minority Leader Paul Hillemonds (R-Holland) told the *Lansing State Journal* was "the most partisan response I've seen in my 13 years."
- Engler vowed in his address to crack down on personal services contracts—especially those for public relations, promotions, and polling—and by midweek had issued an executive order mandating state departments to review and justify all existing agreements. New contracts for these services will require prior approval from the state budget director.
- Interim Director Arthur Ellis has been named as the permanent **Department of Commerce** head. The former Central Michigan University president will oversee an agency whose scope of influence the governor promised in his campaign to reduce. That scope has grown somewhat this week, however: Following through on another campaign promise, the governor abolished the Department of Licensing and Regulation as of September 1 and shifted its duties to Commerce. The executive order will stand if not rejected within 60 days by the legislature. The Department of Commerce also became the new home for three foreign trade programs previously attached to the Department of Agriculture.
- Three new **Republican** appointments were announced last week. E. L. Cox, former chief executive officer of Michigan Mutual Insurance Co., was named by Governor Engler to head the Accident Fund of Michigan, which writes workers' compensation insurance. Judy Hughes replaces Lucille Taylor as Senate Majority counsel. Marquette's city manager, David Svanda, has been named director of Governor Engler's Upper Peninsula office.
- Several key **Blanchard** administration staffers recently have begun new assignments elsewhere. Terrence Duvernay, Blanchard urban affairs advisor and former executive director of the Michigan State Housing Development Authority, last week assumed similar duties with Georgia's governor. Former state Treasurer Bob Bowman has agreed to appear part-time on camera for Detroit Channel 7 as an economic analyst. The former governor's executive secretary and finance director is playing an off-camera role at WTVS/Channel 56; Ronald Thayer, who raised millions of dollars for Blanchard's three gubernatorial campaigns, is now senior vice president for fund development at the Detroit public television station.