



Michigan ROUNDUP

Legislative Week in Review

- At first glance it appeared to be a bipartisan breakthrough in the legislature's stalemated budget negotiations: SB 51, the Republican-backed supplemental appropriations bill for the Department of Corrections, was eviscerated on the House floor and replaced with the House Democrats' plan of supplemental funds for several state departments. The bill was returned to the Senate where—to the surprise of many observers and virtually all the House Democrats—it was passed, 36-1. Insiders look for Governor Engler to veto only the section of the bill dealing with the Department of Social Services, thereby greatly narrowing the focus of budget-cutting debate.
- Governor Engler's executive order transferring state rainy day funds into the Corrections budget to forestall widespread prison guard layoffs spawned a House resolution calling for a committee with subpoena powers to investigate whether such a transfer may be made without legislative action.
- Attorney General Frank Kelley disappointed fellow Democrats with his ruling that state departments can eliminate programs entirely if the cut does not amount to more than 9.2 percent of a budget line. Democrats had hoped that Kelley would restrict Governor Engler's department heads to a maximum 9.2 percent reduction in each program and avoid the complete loss of some human services.
- Associated Press reports on Thursday claimed that state department directors have been ordered to keep mum on budget proposals. An Engler administration representative explained that the February 8 executive directive requiring that all such proposals be cleared by the budget director before comment was a means of keeping the executive branch's position clear, not a gag order.
- Wayne County Circuit Court restraining orders continue to obstruct a planned 17 percent cut in welfare grants next month. Last week a group representing DSS clients, employees, and community organizations won an injunction prohibiting the DSS from mailing notices announcing the cuts. In an extraordinary weekend telephone session, the Michigan Court of Appeals overturned the order. On Wednesday, the circuit court issued a new order requiring the DSS to reprogram its computers, restoring the cuts. DSS director Gerald Miller told the *Detroit Free Press* he expects this decision also will be appealed.

Political News

- Major news this week came from the judicial branch with rulings from a state circuit court, the Michigan Court of Appeals and the U.S. Supreme Court, all have major implications.
- Quickly heralded by a supporter as "the most important decision we've ever had," the state appeals court's rejection of the statutory ban on Medicaid-paid abortions likely will be appealed to the Michigan high court by the state attorney general. If that court agrees to hear the appeal, the issue will not be decided for at least several months. Meantime, the options for poor women seeking abortions under Medicaid are not clear, and further litigation is a virtual certainty.
- The U.S. Supreme Court ruled 6-2 that Michigan's unique value added tax on businesses is not unconstitutional. The decision reverses the verdict of the state's high court and releases some \$200 million in contested payments of the single business tax. In the opinion, the Supreme Court justices frequently cited research by PSC Senior Economist Robert Kleine.
- An Ingham County circuit judge ruled unconstitutional a 1989 state law designating unclaimed bottle deposit revenues to fund environmental programs. Judge Thomas Brown decided in favor of the Michigan Soft Drink Association, finding that the deposits were the private property of manufacturers and distributors. The state contends that the money belongs to consumers, and Attorney General Kelley is expected to appeal the decision.
- Armed with a just-released attorney general's opinion permitting abolition of boards and commissions without prior legislative approval, Governor Engler discontinued the Michigan Corrections Commission on Thursday. Department of Corrections director Robert Brown announced his resignation later that day. The new legal ruling authorizes gubernatorial elimination of statutory state boards and commissions, subject to legislative veto within 60 days by a majority of both chambers.
- F. Roberts Edwards, a friend and former legislative colleague of Governor Engler, is expected to be named this week as director of the Michigan Employment Security Commission, reports the *Detroit Free Press*. Edwards, a Flint-area real estate manager and investor who served with Engler in the House from 1970-76, currently is interim director of the Michigan State Fair.