



Public Sector Consultants, Inc.

Michigan ROUNDUP

....The Senate approved SB 7, which reduces the state income tax rate from 4.6% to 4.4%, by a vote of 34-2. The bill, which will now go to the House, was tie-barred to SB 8, which will be substituted in the Senate to include tax breaks for low-income senior citizens and the blind, many of whom owe no federal taxes, but must pay state taxes under current law.

....Senators Dan DeGrow (R-Port Huron) and John Engler (R-Mt. Pleasant) announced a four-part plan to encourage children in welfare families to stay in school, avoid pregnancy, and seek employment. Under the plan, children ages 6 to 19 would have to attend school 80% of each semester or AFDC benefits would be reduced. Low-income students who complete high school and do not have a child would receive a voucher for two years of paid tuition at a state community college; upon completion, the student would receive a \$2,000 voucher for study at any state four-year college. AFDC recipients under 20 who complete high school, but do not go on to college, would receive \$1,000 if they find a job within a year and keep it for two years. DSS staff who place an AFDC recipient in an unsubsidized job would receive a \$100 bonus. The plan is expected to cost \$5.3 million in fiscal year 1987-88.

....A congressional advisory panel issued a report recommending that Medicare set more uniform fees for doctors. The intent of a uniform schedule is to attract more doctors to underserved areas and to make out-of-pocket expenses more predictable for Medicare recipients. As an interim step, the panel recommended offering bonus payments for physicians to locate in underserved areas.

....The March 2 issue of Business Week reports that "insurers are spending millions to gain a toehold in managed care," largely by adding HMOs and, in some cases, preferred provider organizations. It reports that "competition is fierce" and that "in the next decade dozens of the nation's 600 HMOs will become takeover targets." While insurers are having difficulties moving into the managed care market, "they are likely to emerge as the dominant brokers of managed care" due to their current market share, their relationships with large employers, and their ability to afford long-term investments. The article predicts managed care "will be a fact of life. And the bottom line will be the same as it is in traditional medical insurance: delivering a top-notch product at a favorable price."

....In a poll of 500 Michigan residents conducted for the Detroit News, over half believe that the state's economy is no better now than it was in 1982, the worst year in the most recent recession. Forty percent stated that unemployment is the state's biggest problem, while 55% agreed with predictions that hundreds of thousands of formerly employed state residents will never again find employment.

....Secretary of State Richard Austin has proposed a series of reforms for campaign spending and voter registration. Speaking to a joint meeting of four legislative committees, Austin urged raising the decade-old spending and contribution limits to keep pace with inflation, abolishing officeholder expense funds, and tightening regulation of political action committees. In addition, Austin recommended allowing voter registration by mail and giving counties control over voter registration files, except for the state's eight largest cities, which would retain control over their records.