

## Michigan ROUNDUP

March 25, 1993

### *Legislative Week in Review*

- Last Friday Governor Engler released a **FY 1993-94 budget** totaling \$8.2 billion (general fund). After proposed reductions of about \$300 million in public retirement payments, the budget is only one percent above projected expenditures for the current fiscal year. The governor also presented the budget for FY 1994-95, using the same expenditure numbers for both years and assuming the same 4.7 percent general fund revenue growth. The only major budget increases are \$140.5 million for the Department of Social Services, \$140 million for Corrections, and \$77.6 million for Mental Health. There is no new money for school aid or for higher education; however, the governor recommended a \$559 million bond program to finance 24 community college and university projects over the next three years.
- The House will debate next Tuesday yet another **property tax/school finance reform** plan worked out last week by the governor and Republican legislators. The property tax component would reduce from 50 to 40 the total mills allowed, reduce school millage rates to 20, limit to the lesser of inflation or 5 percent annual property assessment increases, and require that 1994 assessments be based on property values as of December 31, 1992. The school finance elements include a guarantee of \$5,000 per pupil for all school districts that levy 20 mills for school operating purposes and a provision allowing districts to ask voters to approve up to 5 additional mills. To pay for the reforms, the plan calls for a two-cent increase in the sales tax, which would require a two-thirds vote of the legislature and approval of the voters; sponsors want a special election held on June 1.
- School finance reform did not come soon enough for the 2,305 students in **Kalkaska Public Schools**, which shut down Wednesday rather than cut \$1.5 million from its budget and sacrifice quality. The district was both praised for its courage in drawing national attention to the financial crisis faced by many schools and criticized for evading its responsibility to educate children. On Wednesday the Senate quickly passed a bill that would allow the appointment of a state financial manager to run the district; the governor indicated he favors the legislation.
- By a slim margin the Senate approved a House-passed bill that would reduce **automobile insurance rates** by an average of 16 percent and freeze rates for six months. The bill now goes to the governor who has said he would sign it. In return for the rate relief, the bill would limit medical and wage loss benefits to \$1 million (unless a driver chose to purchase additional coverage up to \$5 million), restrict lawsuits, and limit health care provider fees. Because both chambers failed to give the bill immediate effect, drivers would not see any rate relief until August 1994.

### *Political News*

- Governor Engler spent 15 minutes on public television stations Monday night talking about his strategy for growing the **Michigan economy**. His remarks focused on retraining workers, retaining businesses, marketing Michigan internationally, and reducing the costs of health care, trucking, unemployment insurance, and the property tax.
- **Doug Ross**, director of the Michigan Department of Commerce in the mid-1980s and now head of Michigan Future Inc., a bipartisan economic think tank, is being considered for a job in the Clinton administration as assistant secretary for employment and training in the U.S. Department of Labor. Meanwhile, the department has hired him as a consultant on the retraining of workers for the future. Many political observers have speculated that Ross also could be a Democratic candidate for governor.
- **Colleen Pero**, special counsel to Governor John Engler, will start a new job May 1 as president of the Michigan-Japan Foundation. The foundation works to promote Michigan as a good place to do business.
- **Nanette Lee Reynolds, Ed.D.**, was appointed director of the Department of Civil Rights, replacing outgoing John Roy Castillo who resigned in February. Reynolds was previously the director of the department's Community Services Bureau.
- Governor Engler appointed **William Lucas**, former Wayne County executive and Republican candidate for governor, to the Detroit Recorder's Court. Lucas most recently was director of the Office of Liaison Services, U.S. Department of Justice.

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