



Michigan ROUNDUP

Legislative Week in Review

- The House returned to session this week to consider a two-year **property tax freeze** approved earlier by the Senate. A bipartisan compromise reached in midweek narrows the freeze to one year and delays its effect—estimated to be \$400 million in lost revenues to local governments—until 1992. All sides, including the governor, agree that the compromise is a first step in forging more comprehensive tax relief measures. The legislation—HB 4109—will freeze 1991 assessments across all property classes. Tie-barred to the bill is a constitutional amendment (HJR H) that—if approved by voters—would limit individual home assessment increases to the smaller of 5 percent or the rate of inflation and revise the millage rollback provision of the Headlee amendment. The package contains no provision to reimburse out-of-formula school districts or local governments for any revenues lost as a result of either the freeze or future assessment limitations.
- Governor John Engler met with the full membership of both House and Senate appropriations committees on Wednesday for what he had called a “**budget summit**,” attempting to jump-start stalled partisan negotiations to eliminate an estimated \$1.3 billion FY 1991 deficit and approve an FY 1992 budget. Engler set a deadline of next week for legislators to reach consensus on a spending plan; otherwise, he said he would use gubernatorial prerogatives to end the standoff.
- After agreeing to less than \$17 million of \$60 million in executive branch-recommended general fund cuts in the FY 1991 **Medicaid budget**, the Senate Appropriations Subcommittee on Social Services approved Wednesday an FY 1992 budget that abolishes the state’s general assistance (GA) program and replaces it with a much smaller state disability assistance program. The subcommittee also approved as 1992 cost-cutting measures the recovery of Medicaid payments from estates of deceased recipients, increasing family responsibility for long-term care, and asking all health care providers to contribute to Medicaid so the state can gain access to federal matching funds. The full committee is expected to consider the subcommittee action by early next week.
- Senate changes in House-sponsored legislation regulating **off-road vehicles (ORVs)** were unanimously rejected by the lower chamber this week, sending HB 4010 to conference committee. Under the measure, use of ORVs and all-terrain vehicles would be restricted to specially designated state trails in the Lower Peninsula.

Political News

- A moderate electorate seeking a balanced approach to the state budget crisis that involves some small tax increases as well as some budget cuts: This is the snapshot of Michigan voters emerging from a **statewide poll** released this week by Public Sector Consultants. The 800 survey responses were obtained last week—on the 101st day of the Engler administration—as part of PSC’s Public Opinion Monitor series underwritten by the Michigan Hospital Association. Among the poll findings:
 - Fifty-two percent of Republicans and 54 percent of Democrats surveyed opted for a fiscal solution that relied on a small tax increase as well as spending reductions.
 - Although support was high for reducing welfare for “able-bodied men and women” (81 percent) and rejecting the previously approved pay raise for state employees (71 percent), the poll charted a surge of compassion for the needy: 75 percent oppose closing mental health hospitals, 69 percent oppose reducing payments for foster parents taking care of needy children, and 68 percent oppose reducing free health care insurance for the poor.
 - The three highest state spending priorities among those surveyed were K-12 education, helping the needy, and property tax relief. Detailed analyses of the survey findings will be mailed to PSC subscribers next week.
- Governor Engler will return to his alma mater as this year’s **commencement speaker** at graduation ceremonies June 8 in Michigan State University’s Breslin Center.
- Freshman representative Michael Bouchard will face a primary challenge from eight-year House veteran Gordon Sparks in the upcoming **special election** for the 16th Senate District seat vacated by Doug Cruce. Sparks announced his interest in the race after ascertaining that five-term House colleague Nancy Johnson was not planning to run.
- The former head of the Illinois prison system has been named Michigan’s **Corrections Department director**, effective May 1. Kenneth McGinnis was replaced in Illinois by an incoming governor making good on a campaign pledge to replace all department heads, a circumstance not unlike that of retiring Michigan corrections chief Bob Brown, who served for six years during a Democratic administration.
- The Sheraton Hotel Corp. announced yesterday that **former state treasurer** Robert Bowman has joined the Boston-based ITT subsidiary as vice-president and chief financial officer.