



Michigan ROUNDUP

Legislative Week in Review

....Hopes for **school finance reform** now rest on behind-the-scenes negotiations after the partisan defeat of Democratic and Republican proposals in the House of Representatives. The failed Republican plan would boost the sales tax from four to six percent, create an eight-mill statewide property tax, mandate eight mills in local property tax, permit four optional mills, create an education trust fund, and insert a school aid distribution formula into the constitution. The Democratic proposal also would raise the sales tax to six percent, exempt from school property taxes the first \$15,000 of state equalized valuation, and provide more school aid by earmarking sales taxes and other revenue. Because raising the sales tax requires amending the constitution, approval of two-thirds of each chamber of the legislature will be necessary to pass either proposal. Democrats control the House, 63-46; Republicans, the Senate, 20-18.

....The Senate Appropriations Subcommittee on **School Aid** has reported out a K-12 spending plan of \$2.46 billion, \$34 million larger than that recommended by the Governor. As reported, the bill would reduce spending on preschool programs to \$12 million from the \$16 million proposed by the Governor and ease graduation requirements for language and arts education from two years to one. The full Appropriations Committee will take up the bill next Wednesday.

....The House Transportation Committee Wednesday heard testimony supporting a plan to give the assets of the **Southeast Michigan Transportation Authority** to a council on which Wayne, Oakland, and Macomb counties and the City of Detroit each would have one vote. The authority's 15-member board approved the change in March.

Political News

....As 6,000 senior citizens visited the state capitol on the 14th annual **Senior Power Day** Wednesday, legislators and Governor Blanchard played political Ping-Pong with a bill to subsidize prescription drugs for low-income people aged 62 or older. The bill, which has been in a Senate committee since it passed the House on last year's Senior Power Day, would pay for prescription drugs for people who do not qualify for Medicaid and who have annual incomes of \$9,000 or less (\$12,000 for couples). The Senate reported the bill out of committee, passed it, and sent it to the Governor Wednesday. Neither the Governor nor the legislature has recommended budgeting the \$15 million to \$60 million annual cost of the prescriptions. Senate Republicans said they wanted to pass the bill to Blanchard to veto it or come up with the funds, but the Governor slammed the ball back to their side of the table, saying, in a speech to seniors, "we need to make the legislature give us the money to pay for it. I think they will, because if they don't, it's a trick. I wouldn't want, if I were running for office, to play a trick on anybody." Neither the Governor nor members of the Senate are up for election, but the entire House is, including Tom Mathieu (D-Grand Rapids), sponsor of the bill.

....Birmingham attorney James Elsman Wednesday withdrew from the race for the Republican nomination to the **U.S. Senate**. Elsman said he decided to quit because winning the seat held by Donald W. Riegle would not be worth the strain it would put on his family.

....**Blue Cross and Blue Shield's** board of directors Wednesday named Richard Whitmer president and chief executive officer. Whitmer, 48, became acting chairman after the departure of chairman/chief executive officer John McCabe in December. The board named James Woodruff, current vice chairman, interim chairman.