



Michigan ROUNDUP

Legislative Week in Review

- A new GOP plan to reform school financing was proposed Wednesday by Sens. Jack Welborn (R-Kalamazoo) and Dan DeGrow (R-Port Huron). The plan, backed by the Senate Republican Caucus and Michigan State Chamber of Commerce, proposes to add \$300 million in new funding for K-12 education without raising taxes. The money would come from an FY 1988-89 general fund surplus of \$269 million projected by the Senate Fiscal Agency and from the \$26 million increase in school aid proposed in the governor's 1989-90 budget. Under the plan, each district would be guaranteed \$100 per mill for its first 30 mills levied and \$75.80 for each additional mill; another \$17 million would be distributed to low-income school districts. Some of the \$300 million increase would go only to schools that implement a core curriculum and school improvement plan, file annual education reports, and meet accreditation requirements. Property tax relief is not a part of the plan, although supporters expect that a property tax relief ballot proposal will make it onto the 1990 ballot. Rep. Lynn Jondahl (D-Okemos), chair of the House Taxation Committee, said the House is unlikely to support the plan and will view it primarily as a political proposal, questioning the accuracy of the budget surplus projections.
- The House Appropriations Subcommittee on Social Services recommended FY 1989-90 general fund spending that is \$30 million more than the governor's and Senate's recommendations. The subcommittee called for a 2 percent economic increase; restored all of the governor's Medicaid cost-containment proposals, which totaled \$58.2 million; and eliminated Job Start, a new program proposed by the governor that would require 18- to 25-year-old general assistance recipients to find work or receive job training.
- The Senate passed legislation (SB 41), sponsored by Sen. John Schwarz (R-Battle Creek), that would require public schools to meet accreditation criteria established by the state Department of Education pursuant to a core curriculum outlined in companion legislation (SB 39).
- The House passed a package of bills that would prohibit insurance companies from using rating organizations, except for obtaining historical loss data, to make their rate filings.

Political News

- Michigan's public schools did not fare well in a report issued Wednesday by U.S. Education Secretary Lauro Cavazos. The sixth annual report, which analyzes states' performances in such areas as graduation rate, college entrance scores, teacher salaries, and class size, referred to the nation's schools as "merely average" and "stagnant," and the dropout rate—about 3,600 students on an average school day—as "a national tragedy." According to the report, when adjusted for inflation, spending in the United States has increased almost 26 percent since 1982. The report, based on 1987 data, ranks Michigan 48th (at 62.4 percent) in graduation rate, 6th (at \$32,926) in average teacher salaries, 14th in per-pupil spending (at \$4,353), and 45th (at 20.1) in student-teacher ratio. State Superintendent Donald Bemis disputes Michigan's graduation rate figure, saying the rate is 75 percent, which would rank Michigan 22d, but he calls even that rate "morally unacceptable."
- According to a poll taken by Republican pollster Tom Shields of Marketing Resource Group, 69 percent of Michigan voters approve of the way Gov. James Blanchard is handling his job, while only 24 percent disapprove. The poll, taken during late March and early April, has a margin of error of 3.5 percentage points. Democratic Party Chairman Tom Lewand attacked the poll, accusing Republicans of "doing a number on the news media and the public" by releasing results highly favorable to Blanchard so far in advance of the 1990 election; Lewand speculates that later Republican poll results will not be as favorable.
- Plans for a debt-financed takeover or merger of NWA, parent company of Northwest Airlines, could be thwarted as the result of two actions announced in Washington on Wednesday. The *Detroit Free Press* reported that U.S. Rep. Bob Carr (D-East Lansing) plans to introduce legislation next week that would require a Department of Transportation investigation of certain airline takeovers financed by large amounts of debt. The legislation would empower the department to stop the transaction or require changes in the company's financial structure if the takeover would result in too large an increase in the airline's debt-to-equity ratio. In a separate announcement, Wayne County Executive Ed McNamara said that county lawyers will go to court on Friday to block any takeover of the airline financed by a large amount of debt. The suit argues that such a buyout violates a contract signed by NWA and the county disallowing any merger or takeover that would reduce the value of the airline's net worth. Large amounts of debt would reduce the value of ownership in the airline, causing concerns about service quality and the ability of the airline to pay for any further expansion at Metropolitan Airport.