



Public Sector Reports

Michigan ROUNDUP

Legislative Week in Review

- The House approved by a vote of 100-6 compromise legislation (HB 4704) earmarking 75 percent of unclaimed beverage container deposits—estimated by Public Sector Consultants at between \$33 million and \$38 million—for environmental cleanup. Retailers would receive 25 percent of the unclaimed deposits. If the bill is passed by the Senate and approved by the governor, the Michigan United Conservation Clubs may halt its petition drive efforts in support of an 80/20 split between cleanup and retailers. The Michigan Beer and Wine Wholesalers, which favors the compromise, believes the bill would result in slightly higher beer prices.
- This week's 1989-90 state budget negotiations centered on revising targets, primarily for the Department of Social Services and school aid. Speaker Lewis Dodak (D-Birch Run) and Rep. Dominic Jacobetti (D-Negaunee) and Sen. John Engler (R-Mt. Pleasant) and Sen. Harry Gast (R-St. Joseph) are hammering out a compromise on how a budget surplus of about \$245 million, as estimated by the Senate Fiscal Agency, is to be spent. The Senate would like the surplus earmarked for school aid so that an increase in the sales tax would not be necessary next year. The governor, who disputes the surplus estimate, is urging the legislature to be more conservative in the 1989-90 spending plan. It seems very unlikely the budget will be finalized by June 15, when the legislature is scheduled to recess, and there is a strong possibility of a summer session, with final action in September.
- As promised last week, Governor Blanchard vetoed \$1 billion of the \$2.2 billion Department of Social Services 1989-90 general fund budget. He kept public assistance grants and his new Job Start program in the budget but vetoed the entire Medicaid portion. Negotiations on a new DSS budget will commence next week. House and Senate DSS appropriations subcommittee chairs are requesting that the new target for DSS exceed the governor's recommendation by \$100 million. It is not likely that the governor's Medicaid cost-containment proposals and the inflation increase for providers will be included in the revised budget.
- The legislature recently approved a demonstration project that allows the Michigan Medicaid program to pay health insurance premiums for AIDS sufferers who have lost their job and thus cannot afford to pay their insurance premiums. The program, which is expected to reduce state Medicaid costs, is the first of its kind and is receiving considerable national attention.

Political News

- According to Lauro Cavazos, U.S. Secretary of Education, the United States spends more money per pupil than any other nation in the world. In a speech given at MSU, Cavazos asserted that additional funds for schools will not alleviate the education deficit. He stated that a national effort to raise academic standards and enlist the aid of the business community as an educational resource is a more effective solution. Cavazos argued that the key to better education is the option for parents and students to choose among schools, which would create competition and encourage improvement.
- State Superintendent of Schools Donald Bemis predicts there may be as many as 100 deficit school districts this year. On June 13, millage elections in 349 districts are scheduled, the outcomes of which will determine the number in the red. Michigan law requires districts to submit plans for eliminating their deficit, a process that must be completed within two years to avoid state sanctions.
- Robert Larin, attorney for Rep. Dennis Dutko (D-Warren), is petitioning the court to reduce Dutko's sentence for drunken driving from one year to 90 days. Larin says the representative should reconsider his July 1 resignation if his sentence is reduced. Larin asserts that House Speaker Lewis Dodak pressured Dutko to resign.
- Michigan Department of Agriculture Director Paul Kindinger has announced his resignation, effective in July. Kindinger, who has actively promoted Michigan products and expanded foreign markets, has accepted a U.S. Department of Agriculture post. Burton Cardwell, the Michigan department's chief deputy director, will serve as interim head. Possible replacements for Kindinger include Richard Allen, director of the Michigan Business Ombudsman office in the Department of Commerce, and John Hertel, a former state senator and a member of the Macomb County Board of Commissioners.
- Governor Blanchard has announced the opening of Michigan trade centers as part of his strategy to boost commerce with Canada. The response of business leaders was positive, but some already involved in Canadian trade said they had not been consulted. Despite the element of surprise, the centers are seen as an excellent opportunity for Michigan trade.