



*Public Sector Reports*

## Michigan ROUNDUP

### *Legislative Week in Review*

- The legislature broke the stalemate on school finance reform by approving two plans for voters to consider on November 7. One plan (HJR I), supported by Governor Blanchard and the Harden coalition, would raise the sales tax one-half cent and earmark all of the anticipated \$400 million in revenue for K-12 public education. The second plan (HJR B), sponsored by representatives Glenn Oxender (R-Sturgis) and Michael Nye (R-Litchfield) and supported by key House Republicans and some school officials and education groups, calls for a two-cent sales tax increase, with approximately \$460 million of the revenue to be spent on schools and the remainder used to reduce homeowners' school property taxes an average of 37 percent. If voters approve both plans, the one receiving the most votes would become law. Senate Majority Leader John Engler (R-Mt. Pleasant) and the Michigan State Chamber of Commerce oppose both proposals. Engler, a possible gubernatorial candidate in 1990, advocates using a projected budget surplus, estimated by the Senate Fiscal Agency at about \$300 million, for K-12 education.
- The 1989-90 state budget deliberations, which have been stalled pending agreement on school finance reform, now are expected to move forward. Discussions on revising budget targets in light of new revenue estimates will continue next week; once the targets are agreed on, conference committees will meet. The full House will not meet again until July 27; the Senate will meet next on July 28. Most observers speculate that a budget will be approved within the next two weeks.
- The Senate passed and sent to the governor legislation earmarking 75 percent of unclaimed beverage container deposits for environmental cleanup and 25 percent for retailers. Legislation designed to regulate development on environmentally critical Lake Michigan sand dunes also is on its way to the governor.
- Senate Republican leaders are banning the public from attending sessions between now and next January when restoration of its regular chambers is to be completed. The reason: limited space in the Senate Appropriations Committee Room, its temporary meeting place. In most cases, journalists will be allowed to attend sessions; spectators will be given access through closed-circuit television.
- Publication of the *Michigan Roundup* will be suspended until the legislators return.

### *Political News*

- After weeks of intense lobbying, Michigan's Congressman David Bonior was not named U.S. House Democratic majority whip. Bonior was reappointed deputy whip, a post he has held since 1985. Congressman William Gray (D-Penn.), was appointed majority whip. Bonior indicated his disappointment but reported that he expects to work well with Gray.
- As required by a 1986 medical liability reform law, the state commissioner of insurance has prepared a report describing the condition of the medical malpractice insurance market in Michigan. The report finds that more options are available in the malpractice insurance market now than in recent years, that rates are flattening as insurers file smaller rate increases, that there is an overall trend of decreasing claim filings against all specialties, and that some hospitals have experienced rate decreases. It notes that malpractice costs are not likely to be a critical factor in the continued existence of small hospitals. "Based on these improvements in the marketplace," the report concludes, "the Insurance Bureau makes no recommendations for changes in the marketplace at this time."
- A survey conducted by the international accounting firm of Grant Thornton ranks Michigan last in its list of the nation's top 29 manufacturing states. Rankings were based on 21 factors in five categories: state and local fiscal policies, unemployment benefits and workers' compensation levels, labor costs, energy costs and work hours lost because of strikes, and quality of life. The study has been criticized for overlooking certain factors.
- Students at Michigan's state-funded universities can expect tuition increases this fall. These institutions set their own tuitions, but rates usually reflect the amount of state funding received. The Senate wants to appropriate an additional \$36.9 million for higher education. Senator William Sederburg (R-East Lansing) said that this budget would create tuition increases of 5 to 6 percent.
- The Michigan Court of Appeals made history by convening its first all-woman panel of judges. The court convened to hear a lawsuit by the National Organization for Women, which is suing for the right to collect petition signatures at the Fairlane Town Center in Dearborn. One panelist commented that she looks forward to the time when this situation will not be so unusual.