

Michigan ROUNDUP

Legislative Week in Review

....Governor Blanchard is expected to quickly sign two bills requiring state pension funds to sell **stock in companies doing business in South Africa**. The bills, the second of which achieved final approval in the House Wednesday, require the state Department of Treasury to divest \$1.1 billion worth of assets in 13 companies within five years and forbid investment in companies doing business in South Africa until its government abandons its official racial discrimination policies (apartheid). The department, which manages public employee retirement investments worth \$15 billion, said the state will sell \$99.8 million in Bankers Trust stock; \$11.7 million in British Petroleum; \$118.8 million in Chase Manhattan; \$27.7 million in Chemical Bank; \$63.6 million in Chevron; \$272.4 million in CitiCorp; \$42.7 million in Federal Mogul; \$86.9 million in Glaxco; \$46 million in Intergraph; \$82.2 million in Mobil; \$100.5 million in J.P. Morgan; \$95.1 million in Schlumberger; and \$107.4 million in USX.

....Majority Senate Republicans will try again next week to pass a bill to place a \$700 million **environmental cleanup bond issue** on the November ballot. The proposed bond issue's spending plan, which passed Wednesday 26-10, would provide \$450 million to clean up hazardous waste, \$175 million to dispose of solid waste, \$50 million to treat wastewater, and would allocate \$25 million to the Great Lakes protection fund. However, the bill to place the issue on the ballot failed twice and will be taken up next week along with a second bond issue of \$100 million for recreation programs. Governor Blanchard and majority House Democrats want a single \$800 million bond issue that would provide \$125 million for economic development and the balance for environmental and recreation programs.

Political News

....After sending **next year's appropriations bills** to conference, legislative leaders met Thursday with the governor's negotiators to revise his budget targets upward by \$122 million; they agreed that \$77 million of the increase will be reflected in new general fund/general purpose spending. Big winners are the corrections department, \$34 million; mental health, \$6 million; higher education, \$5 million; and community colleges, \$2.8 million. The compromise may fall apart, however, because K-12 education ended up with just \$34 million of the \$100 million windfall from higher-than-expected lottery revenue and increased state equalized property valuation. School lobbyists are expected to press for more aid next week, which means debate on the budget very likely will continue past the July 4th weekend. The unexpectedly healthy state economy also may cause arguments about what to do with the excess revenue expected both in the current fiscal year (an estimated \$135 million) and next (\$170 million). Debate will center on returning the money to taxpayers, using it for education and human services, or putting it into the budget stabilization fund for use during the next economic downturn.

....State police have uncovered a **scheme to divert Department of Social Services funds** to phony child care agencies. A department official is accused of sending checks worth \$105,000 to a nonexistent day-care facility in Lansing; now police say an additional \$530,000 may have been sent to fronts in seven other cities. Police have arrested DSS placement services director Terry D. Brenner on forgery charges.

....The Senate Committee on Health Policy reported out **certificate of need reform bills** Wednesday. The package could be acted upon by the Senate next week and then moved into conference committee.