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July 6, 2010

## **K-12 BUDGET GOES TO GUV**

Just before lawmakers left Lansing Thursday for a three-week pre-primary campaign break they reached a deal, passed and sent to Gov. Jennifer Granholm the FY 2011 K-12 budget (SB 1163). However, the rest of the FY 2011 budget and plugging the hole in the current budget remains in limbo.

The K-12 budget provides for an \$11-per-pupil increase in the \$12.8 billion budget but still leaves a net cut of \$154 per-pupil, factoring in the \$165 per-pupil cut from the current FY 2010 budget.

On the budget as a whole, with hopes of receiving an extra \$500 million in Federal Medical Assistance Percentages (FMAP) money fading fast, it appears now there won't be a budget solution until after the August 3 primary and it could go well beyond that.

Suggestions to plug the \$300 million hole in the current budget that ends Sept. 30 include raiding the School Aid Fund to the tune of \$206 million plus a one-time Medicare DCH clawback from Washington that would have gone to the FY 2011 budget.

House Speaker Andy Dillon (D-Redford Twp.) and other Democrats are fighting efforts to use School Aid Fund surplus money to balance the rest of the budget, but state Budget Director Bob Emerson said last week he doesn't see an alternative that is better than that.

Some House Democrats have also suggested securitizing future tobacco settlement money and closing tax loopholes.

## **NO ACTION ON DRIC**

Lawmakers also left town without taking action on the Detroit River International Crossing (DRIC) legislation.

Senate Majority Leader Mike Bishop (R-Rochester) says there will be no vote in the Senate until they get additional data and that there is now no timeline for a vote in that chamber.

## **MORE GRANHOLM APPOINTEES REJECTED/SHE REAPPOINTS**

Keeping an earlier promise to reject any gubernatorial appointments whose terms begin after Gov. Jennifer Granholm's term ends, as well as any she makes after Sept. 3 because those should be the next governor's prerogative, the Republican-led Senate rejected seven

more of the Governor's appointments. However, the government has resubmitted the names of the rejected appointees ó with one exception.

She has replaced Republican Keith Charters, chair of the Natural Resources Commission and appointed him to the Natural Resources Trust Fund Board. John Matonich, a Democrat of Davison, has been appointed to replace Charters on the Natural Resources Commission.

The most recent rejections were reappointments to various boards, commissions and councils including Wayne County Prosecutor Kim Worthy's reappointment to the Domestic Violence Prevention and Treatment Board.

Granholt spokeswoman Liz Boyd linked the rejections to the FY 2011 budget and the Detroit River International Crossing (DRIC) debates.

In April, the Senate rejected 15 Granholt appointments, primarily to university boards.

### **STUDENT LOAN SUBSIDIES END**

Michigan Students First, a program that allowed students who pay their loans on time for three years to see their interest rates drop to zero has ended along with three other interest rate subsidy programs.

Specifically, the Michigan Higher Education Student Loan Authority is no longer offering the Michigan Students First, Prompt Pay Savings, Michigan Engineering Incentive and Michigan Advantage Consolidation.

The reason: The funding has been exhausted, according to Department of Treasury Spokesman Terry Stanton.

The 20,000 people who have qualified for an interest rate subsidy will keep it.

### **CONSTITUTIONAL AMENDMENT HEADED FOR BALLOT**

The Legislature has passed a resolution placing a constitutional amendment on the November ballot that, if approved by the voters, would prohibit felons from holding state or local elective or appointed office in Michigan for 20 years if the felony were the result of a breach of the public trust.

Specifically, SJR V states a person would be ineligible for election or appointment if he or she had been convicted of a felony involving dishonesty, deceit, fraud, or a breach of the public trust, and the conviction were related to the person's official capacity while holding any elected or appointed local, State or Federal office.

### **DRILLING BAN IN CONSTITUTION?**

Committees in both the House and Senate have moved Joint Resolutions that would place the state's offshore and directional drilling ban in the state constitution.

The House Great Lakes and the Environment Committee has moved House Joint Resolution GGG, a proposed constitutional amendment that would ask voters in November to ban oil or natural gas drilling within or beneath the bottomlands of the Great Lakes.

The Senate Natural Resources and Environmental Affairs Committee has adopted Senate Joint Resolution Z, a proposed constitutional amendment that would ban all offshore and directional drilling for oil and gas within the Great Lakes.

The Senate panel also passed resolutions that urge all governmental entities that border the Great Lakes to ban drilling and urge the appropriate entity that a Great Lakes drilling ban be added to the Great Lakes Water Quality Agreement.

If both the House and Senate pass a joint resolution by a two-thirds vote by September 3, the measure would appear on the November 2010 ballot for voters to decide.

### **ANTI CON-CON GROUP FORMS**

Led by the Michigan Chamber of Commerce, university presidents, townships, the Farm Bureau and Catholic Conference, a new coalition of Citizens Protecting Michigan's Constitution -- has formed opposing the creation of a 2011 Constitutional Convention.

The group says a constitutional convention will handcuff the next governor and Legislature for at least two years effectively preventing them from dealing with important issues facing the state.

### **WEAVER TO RUN AS AN INDEPENDENT**

State Supreme Court Justice Elizabeth Weaver announced last week she will seek re-election in November as an independent.

Weaver, who has been at odds with her Republican nominated colleagues on the high court and a critic of the state's partisan nominating system for electing nonpartisan judges said she will skip the nominating process.

Her move allows Republicans to nominate another candidate along with Justice Robert Young who is expected to seek and receive the GOP nomination.

### **CAMPAIGN FINANCE REFORM CLEARS THE HOUSE.**

Legislation (HBs 6182 thru 6188) that puts limitations on corporations that, due to a U.S. Supreme Court decision, can spend money on political advertisements has passed the House mostly along party line votes. Its fate in Senate is likely to be drastically changed at best or no action at all.

### **ENERGY THEFT LEGISLATION PASSES**

The Legislature has passed and sent to the Governor a five-bill package of legislation that would create penalties for electricity theft, establish sentencing guidelines for individuals charged with the crime and criminalize the assault of a utility worker.