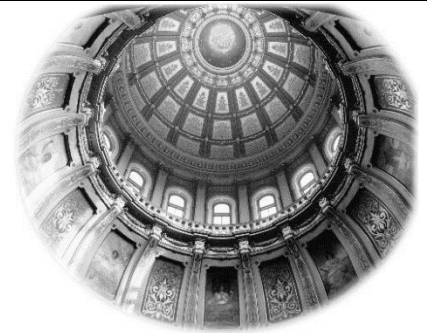


CAPITOL NEWS UPDATE

WEEK OF APRIL 17, 2017

Integrity. Individual Attention. Precision Strategy. Proven Results



SENATE PROPOSES MORE THAN \$40 MILLION IN DEPARTMENT OF CORRECTIONS CUTS

A Senate subcommittee approved a Department of Corrections budget bill on Wednesday, which includes \$41 million less than Gov. Snyder's recommended budget.

Senate Bill 144 would require the Department to find ways to cut \$41.6 million, or a 1.4 percent cut from the current year, in the upcoming fiscal year.

Subcommittee Chair Sen. John Proos (R-St. Joseph) said a decline of 1600 prisoners in the past year makes the cuts possible, and that the budget would cut expenses while reinvesting some of the savings into programs to help reduce recidivism rates.

The Department of Corrections said the decrease in prison population would not provide enough savings to make the proposed \$41 million cut possible.

The Senate also allocated \$10 million less toward health care than Gov. Snyder's budget, removed funds for the Wayne County Residential Alternative to Prison program and removed funds to expand the program to West Michigan, as Snyder had recommended.

Areas where the subcommittee increased spending included: \$3.5 million more for the County Jail Reimbursement Program, \$3.5 million more for the leased beds program, \$3 million for a pilot program for 400 inmates to complete a high school diploma online, \$2.9 million for programs to reduce the rate at which former inmates commit new crimes, and increasing spending on the Goodwill Flip the Script program to \$3 million. It also allows for \$4.36 million in transition costs to acquire a new prison facility.

SENATE FISCAL AGENCY UNCONCERNED MONTHLY NUMBERS MORE THAN \$160 MILLION BELOW ESTIMATE

The State Fiscal Agency reported receiving \$165 million less than expected in revenues this month, mostly due to Michigan Business Tax refunds, which accounted for 80 percent of the shortfall in the \$1.2 billion total collected revenues.

The anticipated revenues were based on consensus revenue estimates adopted earlier this year. The SFA said the numbers were not cause for concern for several reasons, including the timing of others still claiming the MBT including several large refunds that can affect the accuracy of monthly MBT

estimates, and the agency's close working relationship with the Department of Treasury and the Michigan Economic Development Corporation to understand the risk and extent of the credits.

The collections from the state's General Fund and School Aid Fund were also down 10.5 percent from year-ago levels.

SFA economists said the momentarily weak revenues were normal and have been seen before.

Year-to-date amounts (through March) show the School Aid Fund collections \$71.1 million above expectations and the General Fund collections are \$147.8 million below the January 2017 consensus revenue estimates.

Other interesting numbers for March 2017 show Sales tax receipts increased 5.5 percent from the March 2016 level and were \$18 million above the forecasted level.

The combined business tax collections from the Single Business Tax, MBT, and Corporate Income Tax totaled a negative \$138.4 million (with refunds exceeding payments) for the month and were \$159.6 million below the expected level, reflecting lower-than-expected CIT collections combined with greater-than-expected MBT refunds. On a year-to-date basis, CIT collections are up 8 percent from 2016 but \$40.6 million below estimates.

JOHNSON INDICTED, ARRAIGNED IN CORRUPTION CASE

Sen. Bert Johnson was arraigned and released on a \$10,000 bond Tuesday, after being indicted and charged with having a ghost employee on his Senate payroll and stealing from a federally funded program.

Johnson allegedly hired a staffer without expecting the staffer to do any work, in order to repay a debt. According to the indictment, this ghost employee was paid \$23,134 in taxpayer money.

Also according to the indictment, Johnson borrowed at least \$14,000 in cash from an unnamed person, later hiring that person as a community liaison in order to pay him back. Details from the indictment records indicate the ghost staffer is most likely Glynis Thornton. A former educator, Thornton has also pleaded guilty in a different corruption case involving the state-run Education Achievement Authority.

Johnson was arraigned in front of U.S. Magistrate Judge David Grand. The charges could send him to federal prison for up to 10 years.

Johnson has vowed to fight the charges, and his lawyer has said he will not resign.

REVENUE SHARING INCREASED 1% - NO BSF CONTRIBUTION IN SENATE RECOMMENDATIONS

The Senate Appropriations General Government Subcommittee's recommended budget includes a small increase in statutory revenue sharing, but no funding for the Budget Stabilization Fund.

The subcommittee's reported budget is \$75 million below Gov. Snyder's recommended budget from the General Fund. The Senate chopped the \$175 million Gov. Snyder recommended for the rainy day fund.

The Senate plan also reduces funding for business attraction and community revitalization efforts; the Department of Talent and Economic Development's Rising Tide program; cyber security improvements at the Department of Technology, Management and Budget; and does not include the recommended \$25 million deposit in the Drinking Water Declaration of Emergency Reserve Fund or \$20 million deposit for the Michigan Infrastructure Fund.

The subcommittee plan did increase total revenue sharing payments for eligible counties by 1 percent with a total of \$220 million, and increased funding by 1 percent for city, village and township revenue sharing with a total of about \$251.3 million. This is about \$4.66 million more than the governor's recommended revenue sharing plan.

MDE AND SCHOOLS GETTING CLOSER TO PARTNERSHIP AGREEMENTS

State officials announced they expect to begin signing partnership agreements this week with more than 30 struggling schools. The Michigan Department of Education offered the schools the opportunity to sign the agreements outlining how they plan to improve over the next 18 months, in an effort to keep local control over the schools. The schools were placed on a closure list in January for being ranked in the bottom 5 percent in performance for three consecutive years. Nine districts are home to 37 of the 38 schools including: Benton Harbor, Kalamazoo, Muskegon Heights, Pontiac, Saginaw, East Detroit, River Rouge, Bridgeport-Spaulding and the state-created Education Achievement Authority in Detroit.

MM&A Briefs

Sheppard Introduces Insurance Reform Bill

Rep. Jason Sheppard (R-Temperance) introduced an insurance reform bill this week that would allow consumers to choose a level of car insurance coverage – up to the current standard of unlimited lifetime coverage for catastrophic injuries stemming from a car wreck. House Bill 4488 also creates a fraud authority to address unlicensed drivers and other illegal behavior.

Kinley Named Director of External Affairs

Tricia Kinley has been named as Governor Snyder's new Director of External Affairs. A well-known lobbyist for the Michigan Chamber of Commerce, Kinley will succeed Tori Sachs in the position which involves coordinating statewide outreach efforts and working with community groups and coalitions on policies.

Calendar of Important Events

April 24 Rep. Ben Frederick (R-Owosso) Fundraiser
Location: 7:30 a.m., Michigan Municipal League, Lansing

Rep. Julie Calley (R-Portland) Fundraiser
Location: 7:30 a.m., McAlvey-Merchant Loft, Lansing

Rep. Sherry Gay-Dagnogo (D-Detroit) Fundraiser
Location: 10:30 a.m., Michigan Health & Hospital Association, Lansing

Rep. Adam Zemke (D-Ann Arbor) Fundraiser
Location: 11:30 a.m., Michigan Beer & Wine Wholesalers Association, Lansing

Rep. Michael McCready (R-Bloomfield Hills) PAC fundraiser
Location: 11:30 a.m., Michigan Municipal League, Lansing

Senate Majority Leader Arlan Meekhof (R-West Olive) Fundraiser
Location: 4 p.m., Michigan Beer & Wine Wholesalers, Lansing

April 26 Rep. Eric Leutheuser (R-Hillsdale) Fundraiser
Location: 7:30 a.m., Glazed & Confused, Lansing

Rep. Martin Howrylak (R-Troy) Fundraiser
Location: 7:30 a.m., Michigan Municipal League, Lansing

Rep. Jon Hoadley (D-Kalamazoo) Fundraiser
Location: 7:45 a.m., Grand Traverse Pie Company, Lansing

Rep. Triston Cole (R-Mancelona) Fundraiser
Location: 8 a.m., Michigan Beer & Wine Wholesalers, Lansing

Sen. Jim Marleau (R-Lake Orion) fundraiser
Location: 8 a.m., Governor's Room, Karoub Associates, Lansing

Sen. Margaret O'Brien (R-Portage) PAC Fundraiser
Location: 8 a.m., Glazed and Confused, Lansing

Rep. Ronnie Peterson (D-Ypsilanti) Fundraiser
Location: 11:30 a.m., Karoub Associates, Governors Room, Lansing

Sen. Ian Conyers (D-Detroit) Fundraiser
Location: 11:30 a.m., Michigan Municipal League, Lansing

April 27 Rep. Daire Rendon (R- Lake City) Fundraiser
Location: 7:30 a.m., Kelley Cawthorne, Lansing

Rep. Sue Allor (R-Wolverine) Fundraiser
Location: 7:30 a.m., Governors Room, Karoub Associates, Lansing

Rep. LaTanya Garrett (D-Detroit) Fundraiser
Location: 10:30 a.m., Karoub Associates, Governors' Room, Lansing

Rep. Robert Kosowski (D-Westland) Fundraiser
Location: 10:30 a.m., Michigan Municipal League, Lansing

Rep. Wendell Byrd (D-Detroit) Fundraiser
Location: 10:30 a.m., Michigan Health and Hospital Association, Lansing

- May 1** Institute for Public Policy & Social Research
Review of President Trump's First 100 Days
Location: 5:30 p.m., Auditorium, Kellogg Center, East Lansing
- May 2** Rep. Joe Graves (R-Linden) Fundraiser
Location: 7:30 a.m., Grand Traverse Pie Company, Lansing
- Rep. Scott VanSingel (R-Grant) Fundraiser
Location: 7:30 a.m., Governors Room, Karoub Associates, Lansing
- May 3** Coleman Young for Detroit mayor Fundraiser
Location: 11:30 a.m., Governor's Room, Karoub Associates, Lansing
- Senate Republican Campaign Committee fundraiser
Location: 5 p.m., University Club, Lansing
- May 4** Rep. Hank Vaupel (R-Handy Twp.) PAC fundraiser
Location: 7:30 a.m. Michigan Municipal League, Lansing
- Rep. Terry Sabo (D-Muskegon) Fundraiser
Location: 8 a.m., Governors Room, Karoub Associates, Lansing
- May 5** Rep. Darrin Camilleri (D-Brownstown Twp.) Fundraiser
Location: 5:30 p.m., UAW Local 3000, Woodhaven
- Rep. Henry Yanez (D-Sterling Heights) Fundraiser
Location: 5:30 p.m., Warren FOP Hall, Warren