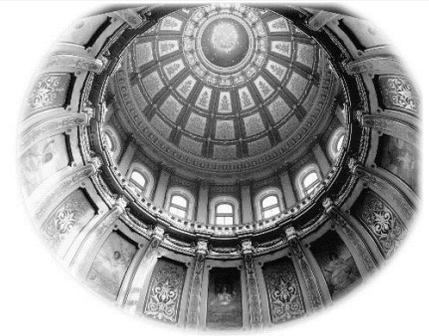


CAPITOL NEWS UPDATE

WEEK OF May 16, 2016

Individual Attention. Precision Strategy. Proven Results



REVENUES FALL SHORT, BUDGET TRIMMING IN ORDER

Lawmakers will need to sharpen their pencils and get out the erasers after the state's economic experts said revenues are \$460 million short for the combined Fiscal Years 2016 and 2017 budgets.

Based on state revenue numbers approved this week at the Consensus Revenue Estimating Conference (CREC), lawmakers have \$159.2 million less to work with when finalizing the FY 2017 budget and \$173.9 million for the current 2016 fiscal year. In addition, higher Medicaid caseloads are expected to cost the state about \$130 million more than estimated.

The unwelcome budget hole news comes as the Legislature is dealing with millions of additional dollars needed related to the Flint water crisis and the proposed financial rescue of the Detroit Public Schools.

Budget Director John Roberts said Flint will remain a spending priority, no negative supplemental is expected nor are any layoffs of state employees.

Reductions, according to Roberts, could come from recommended budget increases such as information technology, the Healthy Kids dental program, K-12 education foundation grants, higher education and the new statewide infrastructure fund as well as Michigan State Police.

MICHIGAN'S RECOVERY CONTINUES

Michigan has added 461,900 private-sector jobs since December 2010 and the state's unemployment rate in April remained two-tenths of a percentage point below the national average at 4.8 percent, according to a news release issued by the state. Michigan added 6,000 jobs in April with increases seen in education and health care.

An "upbeat" projection for the state's economy was delivered this week by University of Michigan economist George Fulton who predicted Michigan's recovery would extend through 2018.

By 2018, Fulton said the state is projected to recover 73 percent of the 858,100 jobs lost in the downturn that lasted from 2000 through 2009. Annual unemployment rates are expected to be 4.8 percent for 2016, 4.7 percent for 2017 and 4.5 percent for 2018.

SNYDER ISSUES INFRASTRUCTURE COLLABORATION DIRECTIVE

Increased collaboration between the Michigan Department of Transportation (MDOT), local governments and utility companies on statewide infrastructure projects has been called for in an executive directive issued by Gov. Rick Snyder.

First identified in Snyder's 2016 State of the State address, the directive charges the director of MDOT with improving the coordination of infrastructure installation, repair, or replacement in conjunction with road infrastructure reconstruction.

This would include working with several state departments and agencies to identify best practices for coordination of road work and infrastructure installation, relocation and replacement; research and test new and better methods to discover and locate underground infrastructure; and to maximize the efficient maintenance, modernization and protection of underground infrastructure.

HOUSE BLOCKS ANTI-FRACKING, MARIJUANA PETITIONS

A pair of citizen groups' last hope to get initiatives on the November ballot may have been killed this week when the House passed Senate Bill 0776 that solidifies the cap on petition signatures gathered more than 180-days before the petition was submitted to the Secretary of State.

Signatures prior to the 180-days are presumed to be void, and this legislation eliminates the language allowing groups to demonstrate that old signatures are valid.

The House concurred in the Senate version of the bill—slated to take immediate effect – rather than a House committee version, which delayed the effective date to Jan. 1, 2017. A Democrat amendment to reinstate the delayed effective date failed.

COTTER WANTS TO MAKE FIRING STATE EMPLOYEES EASIER

Using two state employees who were charged criminally in the wake of the Flint water crisis as examples, House Speaker Kevin Cotter (R-Mt. Pleasant) and Rep. Dan Lauwers (R-Brockway Twp.) have introduced a two-part plan consisting of a constitutional amendment and a bill that would make it easier to fire civil service employees.

Cotter wants to amend the state constitution on the November ballot. But a joint resolution needs two-thirds vote in each chamber to get on the ballot – the support of 73 members in the House. If Cotter can get total support from his caucus, he would still need 10 Democrat votes and that could be a problem.

Lauwers' part of the proposal would put an appeals process in place for the Governor-appointed Civil Service Commission to overturn firing decisions by state department directors.

Cotter said he is not going to rush the package and hasn't measured support for the package in the House.

EDUCATION STUDY IS COMPLETED BUT NOT RELEASED

After gaining an extension from the end of March to last week, the study on the adequacy of education funding in Michigan, prepared by a Colorado-based firm, has been completed but is not yet ready for release according to Treasury spokesperson Jeremy Sampson because the report is "being evaluated to ensure that all contractual requirements have been met."

The goal of the study is to figure out how much it would cost to provide an education to allow a child to demonstrate proficiency.

M M & A BRIEFS

Supremes rule on Lansing prevailing wage. The city of Lansing can enact a prevailing wage ordinance according to ruling handed down by the Michigan Supreme Court. The decision overcomes a challenge brought by the Associated Builders and Contractors (ABC). The MSC decision, written by Chief Justice Bob Young and joined by five of his colleagues, affirmed a state Court of Appeals (COA) ruling and at the same time struck down the *Lennane v. Detroit* case as subsequent changes to the state constitution have undercut its viability.

Bag the plastic bags. Local units of government could no longer ban or impose a fee on plastic bags used by retailers if legislation (SB 0853) passed by the Senate becomes law. An amendment offered by Sen. Curtis Hertel, Jr. that would allow a local unit of government to adopt a fee or a ban on plastic bags if local voters approved by vote such a policy was defeated.

Senate passes improved chemo drug coverage. Under legislation (SB 0625) passed 36-1, insurance companies would cover orally administered chemotherapy treatments the same as chemo drugs administered intravenously. Some types of cancer are only treatable through oral medication.

House puts cap on fundraising plates. In legislation (HB 5447) passed by the House, only 10 fundraising license plates could be in circulation at one time. In addition, if drivers are not buying enough of them, they would be discontinued. The bill does not affect university plates, military service plates or vanity plates. Currently, 14 different plates designed to raise money by sponsoring a state-issued license plate are allowed.

CALENDAR OF IMPORTANT EVENTS

- | | |
|--------|--|
| May 23 | Rep. Tom Cochran (D-Mason) Campaign Kick-off Reception
Location: 5:30 p.m. Bad Brewing Company, Mason |
| May 24 | Rep. Andy Schor (D-Lansing) Breakfast Reception
Location: 8:30 a.m., Governors Room, Lansing |
| May 25 | Rep. Gary Howell (R-Lapeer) Breakfast Reception
Location: 8 a.m., Governors Room, Lansing |
| May 25 | Rep. Wendell Byrd (D-Detroit) Breakfast Reception
Location: 8 a.m., Grand Traverse Pie Company, Lansing |
| May 25 | House Democrats Ingham Reception
Location: 5:30 p.m., El Azteco, East Lansing |
| May 30 | MEMORIAL DAY |