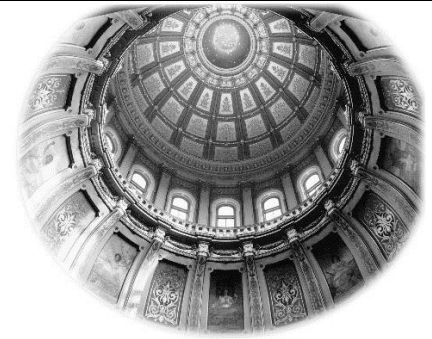


CAPITOL NEWS UPDATE

WEEK OF May 31, 2016

Individual Attention. Precision Strategy. Proven Results



REVENUES FALL SHORT, BUDGET TRIMMING IN ORDER

**McALVEY MERCHANT & ASSOCIATES
CAPITOL NEWS UPDATE NEWSLETTER COPY FOR
The Week of May 31, 2016**

GOP PUSHES REVISED DPS PLAN THROUGH THE HOUSE

On Thursday, over strong Democrat opposition and a bare minimum 55 votes, Republicans pushed through the House a revised plan that would send \$467 million help pay off Detroit Public Schools (DPS) operating deficit and \$150 million in transition costs to create a new district.

However, the GOP plan does not include a Detroit Education Commission (DEC). Instead, it creates a DPS-Charter Advisory Committee to make recommendations on school needs in the city.

The legislation also provides for implementation of an A-F accountability system, intervention or closure for failing traditional and charter public schools, and mandatory national accreditation for any charter authorizer who opens schools in the city.

The measures also include increased penalties for teacher "sickouts," merit pay, the option for the school board to hire non-certified teachers to fill vacancies, as well as ending the governor's Education Achievement Authority (EAA).

In a sharp rebuke, House Democrats, in a news release, said the plan would "force the closure of DPS schools, rather than giving the resources and support they need to recover, while allowing failing charter schools to proliferate without accountability inside the City of Detroit."

The legislation (HBs 5383, 5384 and 5386; SBs 0711, 0820 and 0822) now advances to the Senate where the package is likely to pass as early as next week.

REMAINDER OF PRISON REFORM PACKAGE MOVES TO HOUSE FLOOR

The last 11 bills for a 20-bill prison reform package designed to improve the rehabilitation process for young offenders and reduce recidivism in the state's prisons has moved out of the Senate Competitiveness Committee to the House floor.

The highlight of the 11 bills is SB 0932 which puts in place the same "Swift and Sure" probation program into the parole process, allowing parole agents to randomly test parolees for drugs and alcohol and bring them back to jail if they test dirty.

The committee also moved a concurrent resolution encouraging the Governor to change the name of the Michigan Department of Corrections (MDOC) to the Michigan Department of Corrections and Rehabilitation.

CORRECTIONS TO CLOSE PUGSLEY PRISON

As part of a FY 2017 budget-saving move, the state has announced it will close the Pugsley Correctional Facility located in southern Grand Traverse County – a move the Department of Corrections (DOC) says will save \$22 million in the upcoming budget year that begins Oct. 1st.

However, a move to lease the private correctional facility in Baldwin for state prison use did not make it into a joint House-Senate conference report on the DOC FY 2017 budget.

HOUSE OK'S LEGISLATION TO INCREASE SPEED LIMITS

In a narrow vote, the House has passed a five-bill package of legislation (HBs 4423 thru 4427) that would allow the speed limit on rural state freeways to be increased to 75 miles per hour, while other areas could have the option to further reduce their own limits.

HB 4423 removed all 80 miles-per-hour mentions to 75 miles per hour, with provisions allowing hospitals near roadways to request the speed limit be reduced by up to 10 miles an hour.

HB 4424 augments the rules around school zones, allowing the speed to be no more than 20 miles per hour slower than the normal limit, and not allowing it to be less than 25 miles per hour.

The remaining three bills make relatively minor adjustments to existing law and the avenues through which MDOT and MSP may adjust speed limits.

HOUSE REPEALS INSURANCE TAX CREDIT

An \$80 million tax credit written in 2012 legislation was removed Thursday when the House voted to eliminate the annual tax credit for insurance companies in the FY 2017 budget by passing HBs 5457 and 5458.

However, no action was taken on HB 5654, which would have brought much needed reforms to the assigned claims fund, responsible for providing unlimited coverage to people without insurance.

It is expected the Senate can move the bills next week and the Legislature can adjourn for the summer by the end of the week.

LT. GOV. CALLEY, STATE OFFICIALS ANNOUNCE PLAN TO GROW DEFENSE INDUSTRY

A strategic plan led by the Michigan Defense Center to grow Michigan's defense industry and to preserve current operations was announced by Lt. Gov. Brian Calley and several state officials on Thursday.

The first step in implementing the plan was the signing of a cooperative research and development agreement between the Michigan Economic Development Corporation (MEDC) and the U.S. Army Tank Automotive Research, Development and Engineering Center (TARDEC). The agreement includes testing and evaluating autonomous defense vehicles on I-69, transportation cyber security, and next generation alternative energy development.

The announced plan aligns with federal Department of Defense spending planned over the next decade and the state's existing defense industry infrastructure and resources.

Called the Protect and Grow plan, it includes 17 recommendations to preserve current defense assets, missions and jobs, and to foster innovation.

POLITICS & POLLS

Gilbert drops out. Former Hollywood actress Melissa Gilbert, the Democrats' darling to take on incumbent U.S. Rep. Mike Bishop in the 8th Congressional District race, has withdrawn from the contest due to back surgery—creating a problem for the Democratic Party. The problem is that the filing deadline is past, so a new candidate would have to wait until August to become an official nominee, assuming they do not run into problems with the Secretary of State.

M M & A BRIEFS

AG announces investigation of Grand Rapids veterans home. Allegations of improper care at the Grand Rapids Home for Veterans (GRHV) have been under investigation by the Attorney General's Office since late February and will continue, according to an announcement last week by Attorney General Bill

Schuetz. He said the investigation began shortly after the release of an audit of the Home, which found the GRHV was doing a poor job investigating abuse cases. The audit resulted in the resignation of Jeff Barnes, head of the Michigan Veterans Affairs Agency (MVAA). The MVAA is now headed by James Robert Redford.

House committee moves ease of firing state employees legislation. House Joint Resolution MM asking voters to change the state constitution to allow state department heads to discipline or dismiss employees whose actions they deem interfere with the mission of the department, as well as HB 5677 that establishes a grievance process for these employees, has cleared the House Committee on Workforce and Talent Development. Disciplined employees would have 14 days to appeal the action to the Michigan Civil Service Commission (CSC) and the commission would have 28 days to rule on the appeal. The partisan vote was 9-6.

Right to Work cases are assigned to MERC. The Michigan Court of Appeals (COA) has ruled that all complaints about unfair labor practices stemming from the Right to Work Law must be handled by the Michigan Employment Relations Commission (MERC) as opposed to a circuit court. The ruling came out of a complaint, *Susan Bank v. Michigan Education Association*, which was originally filed in Oakland County Circuit Court.

MIlegalize is only legislative initiative to file signatures by deadline. Jeffrey Hank's marijuana legalization campaign is the lone one to submit signatures to the state by last Wednesday's deadline in an effort to get an initiative petition certified for the November ballot. According to Hanks, the submitted signatures are roughly 200,000 of the 354,000 estimated signatures older than 180 days. The 354,000 signatures were submitted, according to Hanks, along with electronic documentation aimed at validating signatures older than 180 days.

Education study has new deadline, contractor is fined. The education adequacy study that was originally due in March and then extended to May at the request of the vendor now has a new due date set for June 24. The Colorado-based firm is getting docked \$5,000 by the state, per the terms of the contract. If the report is not completed by June 24, a penalty of \$500 per day will be assessed until the study is submitted, dating back to May 14. The report is also being sent back for further work.

CALENDAR OF IMPORTANT EVENTS

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| June 7 | Rep. Kristy Pagan (D-Canton) Leadership Reception
Location: 4:30 p.m., Waterfront Bar & Grill, Lansing |
| June 7 | Rep. Andy Schor (D-Lansing) Evening Reception
Location: 5 p.m., Nuthouse Sports Grill, Lansing |
| June 8 | Rep. Erica Geiss (D-Taylor) Lunch Reception
Location: 3 p.m., Michigan Municipal League, Lansing |
| June 9 | Rep. LaTanya Garret (D-Detroit) Spring Pancake Breakfast F'Raiser
Location: 10:30 a.m., Michigan Municipal League, Lansing |
| June 13 | Rep. Robert Wittenberg (D-Oak Park) Evening Reception
Location: 5 p.m., Farinas Banquet Center, Berkley |
| June 14/16 | Tentative Session for both House and Senate |
| June 20 | Rep. Sam Singh (D-East Lansing) Evening Reception
Location: 5:30 p.m., Pizza House, East Lansing |
| June 21 | Rep. Tim Greimel (D-Auburn Hills) Evening Reception
Location: 5:30 p.m., Alfocinos, Auburn Hills |