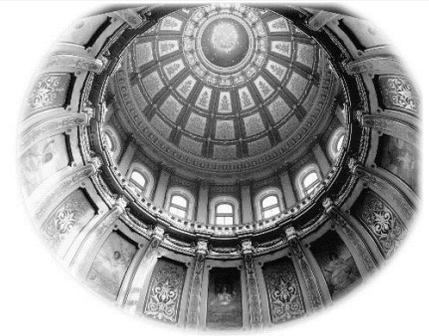


# CAPITOL NEWS UPDATE

WEEK OF OCTOBER 19, 2015

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## **McALVEY MERCHANT & ASSOCIATES CAPITOL NEWS UPDATE NEWSLETTER COPY FOR The Week of October 19, 2015**

### **HOUSE ADVANCES NEW ROAD FUNDING PLAN TO THE SENATE**

One day after Senate Majority Leader Arlan Meekhof (R-West Olive) called on the House to hold a vote on the "last, best" \$1.2 road funding being negotiated by legislative leaders, the GOP-controlled House, on a near party-line vote, passed a new proposal to boost transportation funding and shipped it to the Senate.

The nine-bill package of legislation would create \$400 million in additional funding for roads in FY 2017, \$440 million in FY 2018, \$750 million in FY 2019, \$950 million in FY 2020 and \$1.2 billion in FY 2021.

Under the new House plan, \$600 million is shifted from the general fund to roads. This plan also increases vehicle registration fees by \$400 million and boosts the gas tax to create \$200 million. The \$600 million is causing Gov. Rick Snyder some concern as he called for only \$400 million from the general fund.

The gas tax on regular fuel would be increased by 3.3 cents a gallon and 7.3 cents a gallon on diesel fuel. Registration fees would increase by 40 percent – an average of \$55 for commercial vehicles to begin in FY 2017. For passenger vehicles, the average registration tax would increase by about \$40, effective Oct. 1, 2016.

The shifts of money from the general fund to roads would begin in FY 2019 with \$150 million, increasing to \$325 million in FY 2020 and finally to \$600 million in FY 2021.

The Homestead Property Tax Credit would be increased to provide \$200 million in tax relief, balancing out the gas tax increase in terms of state revenue.

The House plan also includes a Senate bill that would roll back the current 4.25 percent state income tax in future years when General Fund revenue growth exceeds the rate of inflation.

Also included in the package are bills that would request proposals for townships, request proposals for state projects and require project warranties.

Meekhof said he is happy the House sent over a plan and will review the plan along with caucus members.

### **ED EVALUATION REFORMS GOING TO THE GOVERNOR**

The House has passed, and the Senate concurred, in amended legislation (SB 0103) that would set standards for how teachers are evaluated.

Under the bill, school districts would be able to develop their own evaluation tools and the state would establish a list of recommended tools. In addition, the teacher's evaluation based on "student growth" or

assessment data would rise from 25 percent in the next three school years to 40 percent beginning in the 2018-2019 school year.

Of the 40 percent, 50 percent would be based on state assessment data as opposed to local data.

After all the previous kerfuffle, the measure passed this time with no commotion.

### **SNYDER PLAN CALLS FOR \$715 MILLION OVER TEN YEARS FOR OLD DPS DEBT**

An updated plan to financially stabilize Detroit Public Schools (DPS) was unveiled this week by Gov. Rick Snyder. The plan calls for a \$70 million hit from the state School Aid Fund annually for ten years...but the total amount needed to be covered by the state could cost up to \$715 million.

Of that amount, \$515 million is the operating debt accumulated by the school district. Another \$100 million is needed for additional investments and working capital with \$200 million of that directed to the new school district, known as the Detroit Community School District (DCSD).

Under the revised plan, the old DPS would retain the local property tax revenues to pay off the debt, while everything else that belongs to DPS would move to the new district with the state School Aid Fund picking up where the local millage left off for DCSD,

### **LEGISLATURE PASSES, SNYDER QUICKLY SIGNS FLINT WATER FIX BILL; DEQ TAKES BLAME**

After quick approval of a request by Gov. Rick Snyder for the state to pick up half of a \$12 million dollar cost of switching Flint back to the Detroit water system, the Legislature gave quick approval to the supplemental appropriations bill (HB 4102) and Snyder wasted no time in signing it into law.

The Mott Foundation is kicking in \$4 million and the City of Flint is picking up the other \$2 million.

The move is an effort to reconnect Flint to the Detroit water system until a different pipeline, one that will not react badly to the city's lead pipes and cause lead poisoning, can be obtained.

Meanwhile, the Department of Environmental Quality's (DEQ) Director Dan Wyant admitted the department mishandled the Flint water crisis saying the staff used a federal protocol that "would have been correct for a city less than 50,000 people, but not for a city of nearly 100,000."

As a result, DEQ Chief Deputy Jim Sygo was named interim chief of the department's Office of Drinking Water and Municipal Assistance. The former chief of that department is being reassigned.

### **HOUSE PASSES 3<sup>rd</sup>-GRADE READING BILL**

In an effort to get elementary students to read at a third-grade level before advancing on to the fourth grade, the House, on a 57-48 vote, garnered the necessary support to move the measure to the Senate.

Those supporting the measure (HB 4822) praised it as a victory for students. Opponents argued it potentially will flunk more kids who are trying their best to improve.

The bill is aimed at giving schools more tools to help with literacy between kindergarten and third grade as well as provide more opportunities for interventions and coaching for students who are struggling.

By the 2019-2020 school year, students who haven't obtained a reading score that is less than one grade level behind would be stopped from moving to the fourth grade – with some exemptions.

### **SUPREMES KICK MCCA CASE BACK TO APPELATE COURT**

The case over whether the Michigan Catastrophic Claims Association (MCCA), that pays the expenses of those catastrophically injured in vehicle accidents, should open its records to the public has been sent back to the appellate court by the Michigan Supreme Court after hearing oral arguments last week.

The high court wants the lower court to rule on whether the MCCA is a public body, and if so, should it be subject to the Michigan Freedom of Information Act (FOIA)? The MCCA claims it is not a public body, therefore not needing to respond to FOIA.

## **M M & A BRIEFS**

**Co-chairs named to lead Snyder's task force on Flint water.** Former lawmakers, Ken Sikkema and Chris Kolb, will co-chair Gov. Rick Snyder's independent investigation into actions that led up to the Flint water crisis. Sikkema currently serves as a senior policy fellow at Public Sector Consultants. Kolb is president of the Michigan Environmental Council. According to Snyder, the five-member task force has been charged with reviewing actions regarding water use and testing in Flint and offering recommendations for future guidelines to protect the health and safety of all state residents. The other members are: Matthew Davis, professor of pediatrics and internal medicine at the University of Michigan; Eric Rothstein, national water issues consultant and principal at the Galardi Rothstein Group; and Lawrence Reynolds, a pediatrician in Flint and president of the Mott Children's Health Center.

### **Snyder forms special education reform team.**

A team has been created by Gov. Rick Snyder to continue work on special education reform with the goal to propose necessary changes to the state's laws, rules, and policies and procedures. The 15-member Special Education Reform Task Force will be led by Lt. Gov. Brian Calley.

**House establishes three new subcommittees, one focused on Medicaid.** Three new Appropriations subcommittees are being formed in the House – one that will focus specifically on the state's growing Medicaid program. Rep. Chris Afendoulis (R-Grand Rapids) will chair the new Medicaid Subcommittee. The other new committees are the Community Health Subcommittee and the Human Services Subcommittee. The change is the result of Gov. Rick Snyder's combining of the state's Department of Human Services and Department of Community Health into the Department of Health and Human Services.

**State jobless rate drops below national average.** For the first time since August of 2000, the state's unemployment rate of 5 percent for September dropped below the national rate which checked in at 5.1 percent. The state reported that total employment in September increased by 10,000, as the number of unemployed decreased by 7,000 and the state's workforce rose by 3,000 over the month.

## **CALENDAR OF IMPORTANT EVENTS**

- Oct. 25 Michigan House Democrats Brunch Reception  
Location: 11:30 a.m., Home of Mr. and Mrs. John Greden, Ann Arbor
- Oct. 31 HALLOWEEN
- Nov. 3 Primary Election in 80<sup>th</sup> and 82<sup>nd</sup> House Districts
- Nov. 4 Michigan House Democratic Evening Reception  
Location: 5 p.m., Henrys on the Square, Lansing
- Nov. 10 Sen. Jim Stamas (R-Midland) Reception  
Location: 5 p.m., Tavern & Tap, Lansing
- Nov. 10 Sen. Tory Rocca (R-Sterling Heights) Evening Reception  
Location: 5 p.m., Tavern & Tap, Lansing
- Nov. 10 Sen. Jack Brandenburg (R-Harrison Twp.) Fall Reception  
Location: 5 p.m., Governors Room, Lansing
- Nov. 11 VETERANS' DAY (State offices are closed)