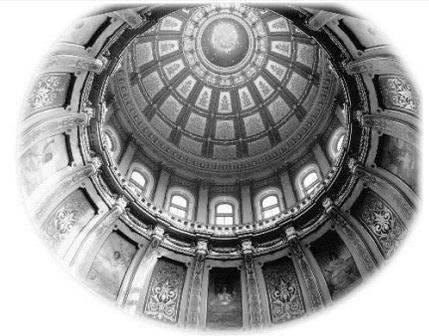


CAPITOL NEWS UPDATE

WEEK OF February 29, 2016

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SNYDER TAPS RHODES AS DPS TRANSITION MANAGER

Gov. Rick Snyder has named retired federal judge Steven Rhodes as the transition manager of Detroit Public Schools (DPS). Rhodes played a major role in the "Grand Bargain" Detroit bankruptcy deal. Snyder said Rhodes would steer the ship as lawmakers continue deliberations on how they want to reform DPS's financial and academic future.

Meanwhile, Rhodes is looking to name an interim superintendent to oversee the improvement of academics as he manages a \$515 million operational debt. Rhodes takes over for Emergency Manager Darnell Earley.

At this point, Snyder has not given his blessing to the House Republican DPS legislative package, one that calls for Detroit voters to wait eight years to elect a new school board and features a weakening of union bargaining rights as well as tying merit-pay increases for teachers to student academic performance. Snyder says he supports the Senate Republican plan that does not call for an eight-year phase in of a new board.

DECRIMINALIZATION OF MINOR IN POSSESSION CHARGE CLEARS SENATE

People charged with underage drinking in Michigan could get some relief based on legislation (SBs 332 and 333) that passed the Senate Thursday.

On a 36-2 vote, a first minor-in-possession-of-alcohol offense would become a civil infraction punishable by a \$100 fine instead of the current misdemeanor charge which carries a \$500 fine and up to 90 days in jail. A second offense would be a misdemeanor and carry a \$220 fine. A third offense would carry a sentence of up to 60 days in jail, a \$500 fine and possible revocation of the offender's driver's license.

ARE ENERGY REFORM TALKS BACK ON THE SENATE AGENDA?

If the Senate Republican leadership is successful, energy reform talks will be back in the forefront with the hopes of reaching a legislative solution before spring break.

Senate Energy and Technology Committee Chair Mike Nofs (R-Battle Creek) has been meeting with key stakeholders this week and will continue to meet next week with a goal of putting the finishing touches on the Senate energy package.

Issues still left on the table are capacity, renewables, and energy efficiency, according to Nofs.

Nofs added that he sees two or three more testimony hearings after the meetings with stakeholders, the Republican caucus, and key Democrats are complete, before voting it out of committee and sending it to the floor.

Senate Majority Leader Arlan Meekhof (R-West Olive) says along with the energy legislation, Detroit Public Schools reform and budget work are the priorities before the Legislature breaks on March 28.

DEM BILLS WOULD TWEAK RTW POLICIES

Legislation (HBs 5398 and 5399), introduced by Rep. Robert Kosowski (D-Westland), would allow public and private employers to agree to all-union contracts IF such contracts are supported by the employees. Then, all employees in the bargaining group would be compelled to pay union dues or fair-share fees – which were made illegal in the 2012 Right to Work (RTW) policies.

The measures would require a majority of all employees in the bargaining group, or three-fourths of the employees actually voting, to support the changes in order for them to take effect.

Still unclear is how it would affect the state government employees as rules passed by the Michigan Civil Service Commission (MCSC) prohibit mandatory union fees.

So far, the Republican controlled Legislature has been unwilling to consider any changes to the right-to-work law.

The bills were referred to the House Commerce & Trade Committee.

FEDS GRANT WAIVER TO AID FLINT CHILDREN AND EXPECTANT MOMS

A waiver requested by Gov. Rick Snyder to make Medicaid coverage available in Flint to cover children up to the age of 21 and pregnant women affected by the water crisis in that city has been granted by the federal Medicare and Medicaid Services to provide long-term health support.

Approval of the waiver request means that the state's Medicaid and Children's Health Insurance Program services will be available to approximately 15,000 residents who were served by the Flint water system.

The state services will support coordinating primary care physicians and behavioral health providers, Medicaid health plans, nutrition support, and improved access to educational and social support services that may be available in the community.

POLITICS AND POLLS

Trump leads in Michigan poll. Going into the Michigan presidential primary next Tuesday, the latest poll, taken among likely Michigan GOP voters, shows Republican presidential candidate Donald Trump with a solid lead over his challengers. In a 400-person survey conducted between Feb. 22-24, Trump led U.S. Sen. Marco Rubio 41-17 percent, followed by U.S. Sen. Ted Cruz at 14 percent, Ohio Gov. John Kasich at 12 percent and Ben Carson with 8 percent. The poll was conducted by Target Insight for *MIRS* and has a 4 percent margin of error.

Saginaw doctor to seek GOP gubernatorial nomination. Dr. Jim Hines, a Saginaw-based physician who has never run for public office, has officially announced he is a candidate for governor on the Republican ticket. He says his leadership as head of his small practice and the large nonprofit Covenant Healthcare makes him qualified to run for governor. He lists education, children, infrastructure, and the environment as his top priorities.

Language approved for another Snyder recall petition. The Board of State Canvassers (BSC) has approved language for a petition to recall Gov. Rick Snyder – this one pertaining to his declaration of an emergency manager in Genesee County and Flint. Backers of an earlier recall petition approved by the BSC that was not Flint-related say they are going to move forward with this one instead. To get the recall petition on the ballot, the backers need to collect 789,133 valid signatures in 60 days – which is more than 13,000 signatures every day for 60 straight days.

M M & A BRIEFS

New prisoner health care contract gets state's OK. A five-year, \$655 million prisoner health care contract that rolls three health-related contracts into one has received the sign-off from the State Administrative Board (SAB). The deal, with Corizon Health, will be the single source for providing physical, mental, and pharmaceutical services to the state's prison population. Corizon is scheduled to take over as health provider by June 1.

Consumers Energy asks for another rate hike. After being granted a \$126 million rate increase by the Michigan Public Service Commission (MPSC) last November, Consumers Energy has filed a request with the MPSC to adjust its electric rates by \$225 million based on what the utility company said would improve electric service to its customers as a result of "upgrades". If the MPSC approves the request in full, Consumers said the average electric bill for households would still be 9 percent below the national average. Consumers' move follows in the footsteps of DTE which applied for another rate increase last month after receiving one in December.

Brakes may be put on 80 mph speed limit bill. In order to get the votes needed for passage, Rep. Brad Jacobsen (R-Oxford) said that his legislation that would allow an 80 mph speed limit on some roads could be on the chopping block. He added that his bill may take another week or two while he makes some "minor tweaks." The measure failed on the House floor in an earlier vote. Jacobsen said 75 mph is now the goal if that will get him the votes needed for passage.

Snyder signs financial aid for Flint bill. Gov. Rick Snyder has signed into law legislation (SB 0136) giving Flint residents a 65 percent credit on any water bill they received from April 2014 until the water is safe to drink. The \$30 million will provide credits for the portion of their bills used for drinking, bathing and cooking. The sewer portion of bills is not covered under the legislation.

Franchisee bills become law. A package of bills (HBs 5070 thru 5073) designed to head off federal policy changes that could more easily allow franchise employees to organize has been signed into law by Gov. Rick Snyder. The measures state the franchisee is the sole employer if they provide benefits and wages to the employee – a move that flies in the face of an August 2015 ruling by the National Labor Relations Board (NLRB) which said an employee is a joint employee for whatever franchisor owns an individual restaurant as well as the larger company of the franchise.

CALENDAR OF IMPORTANT EVENTS

- March 9 Rep. Tom Cochran (D-Mason) Breakfast Reception
Location: 8 a.m., Governor's Room, Lansing

- March 9 Sen. Vincent Gregory (D-Southfield) Lunch Reception
Location: 11:30 a.m., Governor's Room, Lansing

- March 9 Rep. Stephanie Chang (D-Detroit) Breakfast Reception
Location: 11:30 a.m., Michigan Municipal League, Lansing

- March 9 Sen. Ken Horn (R-Frankenmuth) Afternoon Dessert Reception
4 p.m., Governor's Room, Lansing

- March 10 Rep. Sheldon Neeley (D-Flint) Brunch Reception
Location: 10:30 a.m., Michigan Municipal League, Lansing

- March 13 DAYLIGHT SAVINGS TIME BEGINS

- March 15 Rep. Jim Townsend (D-Royal Oak) Breakfast Reception
Location: 11:30 a.m., Governor's Room, Lansing

- March 16 Rep. Winnie Brinks (D-Grand Rapids) Brunch Reception
Location: 10:30 a.m., Michigan Health & Hospital Assn., Lansing

- March 17 ST. PATRICK'S DAY

- March 27 EASTER