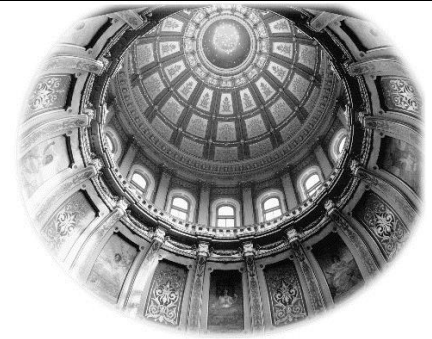


CAPITOL NEWS UPDATE

WEEK OF March 14, 2016

Individual Attention. Precision Strategy. Proven Results



SNYDER TAKES A BEATING ON CAPITOL HILL

In what most deemed a no-win situation, Gov. Snyder went to Washington to testify on the Flint Water Crisis in front of the House Oversight Committee. If he didn't go, he would have been accused of hiding from the issue and could likely have been compelled to testify anyway. Testifying brings its own set of problems. Given the format of committee members having around 5 minutes of time to ask questions, these inquiries are usually nothing more than a partisan teeing off on the witness rather than getting to any real answers. EPA Administrator Gina McCarthy was also in front of the committee facing essentially the same fate.

Republicans blasted McCarthy for neglecting her responsibility to step in if she thought the DEQ was acting too slowly and Democrats put the Governor on a spit and roasted him for extended periods of time, often interrupting his attempts to answer or not ever asking a question at all. McCarthy was often cut off as well. Both showed visible signs of frustration, anger and defeat throughout the four-hour hearing.

The most surprising revelation was the Governor's admission that the Emergency Manager Law, passed into law and signed by him, had failed in this instance. It was the first time that the Governor had even hinted that the EM law held some responsibility in the Flint Water Crisis. The law was passed early in his administration and was then challenged via referendum by Democratic forces. Before the signatures were gathered, the Legislature made changes to the law and added an appropriation so that it could not be challenged with the lower threshold of signatures that the referendum process requires.

As is the case with most congressional hearings, little was learned by the inquisition of both testifiers and the ease of scoring political points was more the equivalent of Barry Bonds hitting baseballs off a baseball tee into the upper deck over and over again.

BILLS BRING SUNSHINE TO THE LEGISLATURE

Wednesday, a 10-bill package was introduced that would subject the Legislature under transparency provisions similar to the Freedom of Information Act. The Legislative Open Records Act (LORA) provides an exemption for all constituent communications unless it is from a registered lobbyist. The package of bills would also expand the Freedom of Information Act to the Governor's office. The entire proposal would go into effect on January 1, 2017. The bills were introduced by a bi-partisan group led by Rep. Ed McBroom (R-Vulcan) and Jeremy Moss (D-Southfield).

Under LORA, constituent communications are exempt from requests. This would mean that if a local superintendent or other official, who is not a registered lobbyist, communicated with a lawmaker, that communication would not be subject to a public request. Other exemptions include personnel records that are personal in nature, such as human resources files, records relating to an ongoing internal or legislative investigation or litigation, advisory communications within the public body or between public bodies, trade, commercial or financial records provided confidentially to assist in public policy, communications regarding bill drafting, sergeant-at-arms security issues and auditor general records, records exclusively maintained by legislative caucuses.

Speaker Cotter spoke favorably on the bills, but stopped short of a commitment that they would run this session. The issue of transparency in government has been the subject of much debate over the last few sessions, but has particularly come to light in the wake of the Flint Water Crisis.

SUBCOMMITTEE READY BUDGETS FOR VOTES

The Subcommittee chairs in both the House and Senate Chambers have doubled down on efforts to prepare budgets as they work to ready their bills for votes over the next week. The Legislature is on track to keep pace with the expected June 1 budget deadline again this year. Since 2011, subcommittees complete their work on individual budgets the week before Spring break. As has happened in the past, individual budget bills will be voted on in subcommittees but they will be rolled up into a General Fund omnibus and a School Aid Fund omnibus, most likely using the House bills as the final vehicles, during the Full Appropriations committee meetings the week following break. While the contents of the individual bills is still under discussion, huge departures from the Executive Recommendation aren't expected across most budgets. There was a considerable push on behalf of the Administration to avoid squabbles whenever possible and many items that the Administration typically takes out and the Legislature puts back in, like graduate medical education (GME), were included from the start this year. Also, many of the discretionary dollars are dedicated to the Flint water crisis response or Detroit Public Schools funding leaving little wiggle room in the budget. For example, discretionary dollars in the school aid budget are limited to \$150 million leaving minimal room for big swings away from the Governor's proposal. Stay tuned for more details in the coming weeks as the budgets report and details are known.

WHAT TO DO ABOUT DETROIT PUBLIC SCHOOLS

As we've reported in previous weeks, what to do about the pending financial collapse of the Detroit Public Schools is a hotly debated topic in the Legislature. Detroit Mayor Mike Duggan spent much of the week in Lansing meeting with individual legislators pushing for a \$715M bailout for DPS and the establishment of a Detroit Education Commission which would seek to limit the creation of new charter schools in Detroit. The Governor supports the Mayor's position but many legislators, on both sides of the aisle, have concerns and no consensus has been found. Several House GOP members have argued strongly that giving DPS more money without dealing with their poor academic performance is unacceptable. In the absence of a deal on an overall solution, the House did pass a supplemental appropriation bill for DPS of \$50M this week. That would keep DPS from running out of money in mid-April and allow them sufficient resources to operate until August. The House bill tied the money to a requirement that DPS be subject to the same Financial Review Commission that the City of Detroit under. The FRC would have to approve any new contracts or financial commitments by DPS for a least 10 years. It's unclear what the Senate will do with the House supplemental. This will continue to be a topic of intense debate for weeks to come.

CALENDAR OF IMPORTANT EVENTS

March 22	Rep Henry Yanez (D) Lunch Reception Location: 11:30 a.m., Michigan Beer & Wine Wholesalers, Lansing
March 23	Rep Paul Clemente (D) Lunch Reception Location: 11:30 a.m., Michigan Beer & Wine Wholesalers, Lansing
March 23	Sen. Rick Jones (R) Breakfast Reception Location: 8:00 a.m., Governor's Room, Lansing
March 24	Rep Sarah Roberts (D) Reception Location: 10:30 a.m., Michigan Municipal League, Lansing
March 24	Senator Dave Robertson (R) Lunch Reception Location: 11:30 a.m., Governor's Room, Lansing
March 27	EASTER
March 29-April 7	House and Senate on Spring Break