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MANAGEMENT

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Centerpiece

This week, *GCSIntel* sat down with U.S. Rep. Pete Hoekstra (R-Holland) who is seeking the 2010 gubernatorial nomination. We asked Hoekstra about his reaction to the Governor's State of the State Address as well as about recent campaign filing statements. The following are excerpts from that conversation.

Q. What did you think about the Governor's State of the State Address?

A. My reaction is it's very similar to my reactions after President [Barack] Obama gave his State of the Union speech. The content is well-prepared, the speeches are well-rehearsed, so they are well-delivered, and they have a lot of applause lines in them.

My response is this is no longer about giving a good speech. What the people of Michigan now need is they need results and they need action. I hope the Governor has a phenomenally successful year in getting things done with the Legislature that enables this state to move forward.

Q. If you're elected in November to be Michigan's next governor, what's job number one in the first 100 days of your term?

A. Job number one is jobs. And to get there you need to put together a great team. I would hope that on Jan. 1, 2011, I'd have a great cabinet in place and ready to go to work. We'd work for those 100 days and what it would be about is getting a hold of the bureaucracy to make sure we do everything we can so that the bureaucracy understands that they are there to work for the people and the businesses of Michigan.

The second thing we would do is aggressively go after streamlining government, finding cost savings in government. The third thing we would do is to work with the Legislature in passing some initial tax reform that we can do through the Legislature without having to go to the voters for fundamental tax reform -- which is going to have to happen.

Q. You were the only Republican to attend a Michigan Education Association (MEA) candidate forum [one week ago]. Why go if the MEA probably isn't going to endorse a Republican?

A. I'm not going to leave any stone unturned running for governor. Most of the time when I'm available and the MEA has asked to meet with me in my district, I go there. Why? We've got some things in common that are some pretty big issues.

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When the National Education Association (NEA) was in favor of No Child Left Behind back in 2001, I was fighting to try to stop it. If I'd have had their help back in 2001 we wouldn't have the curse of No Child Left Behind with us today. Most people in this room [MEA meeting] today believe being opposed to No Child Left Behind was the right position to take in 2001. I was there; they weren't.

The second thing is I think it was 2002-2003 I wrote an op-ed saying we need to rethink school financing in this state. There are lots of good things about Proposal A; there are some things about it that are inherently flawed, that need to be adjusted, that need to be fixed.

Most people in this room today agree that Proposal A needs to be fixed. If we're going to fix it, it's going to have to be done on a bipartisan basis and these folks need to see that there is a Republican in this race that maybe doesn't share all their views, but maybe can work with them and on probably their two biggest issues [No Child Left Behind and Proposal A], I was there before they were.

Q. If I am a Republican primary voter and I ask, 'Congressman, why should I vote for you over Mike Cox, Mike Bouchard or Rick Snyder,' what would you say?

A. I think I've got the resume and the background that says 'this is what we need in the governor's office.' Private sector experience, I spent 15 years working in the private sector. I've got an MBA; I know what it's like to be in a company that has to make payroll and has to make quarterly earnings.

I've got a legislative background. The next governor is going to have to know how the Legislature works, they're going to have to know how business works, they're going to have to bring it together, and they're going to have to bring it together in a way that says I'm here to work with Republicans, with Democrats and independents.

I think it's a pretty powerful statement that I'm the only Republican here. Education is the key priority that the next governor is going to have to face. No candidate can afford to write off a whole block of voters and say 'no, I'm not going to deal with them.' The next governor is going to have to deal with the MEA as part of a coalition to bring about change.

GCSEye On The Capitol

Governor's Budget Relies Heavily On Federal Funds

Education funding for K-12, universities and community colleges are being maintained at Fiscal Year (FY) 2010 levels under the Governor's budget recommendations that were presented in front of a joint House and Senate appropriations committee panel Thursday. Revenue sharing payments and State Police funding, also, are being held at FY '10 levels.

The Governor's budget assumes the state will receive \$722 million in new federal Medical Assistance money to close the FY '11 budget. One quarter of the money is already guaranteed, according to the Governor's office. The rest of it is in President Barack Obama's proposed budget.

As expected, the Governor is making official her recommendation to lower the sales tax to 5.5 percent in exchange for a broader tax to services and the phase out of the Michigan Business Tax (MBT) surcharge. She wants to cut it in half in 2011 and completely eliminate it in 2012. She's also reducing the gross receipts tax rate from .8 to .6 percent (.1 percent in 2012 and another .1 percent in 2013).

The budget includes a restoration of the "good time" program within the state's prison system, a change that is part of \$140 million in savings that will allow for the closure of five more prisons.

The reintroduction of the Quality Assurance Assessment Program (QAAP) for doctors is in as well, a boost of \$133 million for the General Fund as long as the reimbursement rates are boosted to the Medicare levels.

Granholt is also calling on eliminating the Tuition Grant scholarship to private college students, a savings of \$39 million. She is cutting the Department of Community Health \$39 million, the Department of Human Services \$39 million and other state departments \$60 million.

The Governor is adding \$13 million to the Pure Michigan Campaign and keeping the 21st Century Jobs Fund money at \$75 million. The elimination of the 3 percent salary increase for non-union represented employees is also baked into the proposal.

The budget recommendation assumes a funding surplus of \$157 million combined in the School Aid Fund and the General Fund.

Governor: We Won't Kick The Can Down The Road

Gov. Jennifer Granholm told the House and Senate Appropriations Committee Thursday she would veto any Fiscal Year (FY) 2011 budget lawmakers pass that cuts education, is based on shaky numbers or entails a partial-year continuation budget that "kicks the can" to a future Legislature or Governor.

In her toughest talk to the Legislature on budget issues yet, the Governor addressed head-on a growing skepticism in Lansing that the Legislature will balk at completely filling a FY '11 hole of \$1.7 billion, opting instead to make tough budget-balancing votes in lame duck or not at all.

Unless the budget keeps K-12, universities and community colleges at current year levels, is backed by numbers from the professionals at the House and Senate fiscal agencies, and is for an entire year, she is bringing out the veto pen.

"We have no choice. We have no money," said Granholm, adding that the alternative is a \$255-per-pupil cut to K-12, which she will not support.

Dems' Internal Poll Doesn't Produce Frontrunner

After organized labor, the trial lawyers and other Democratic special interest groups staged their series of cattle call meetings with potential candidates for governor, it was decided the next step would be to conduct an internal poll to gauge the strengths and weaknesses of each.

The poll is finished and was the subject of a meeting called by Michigan Democratic Party (MDP) Chair Mark Brewer Wednesday.

The survey consisted of reading the biography of each candidate, laying out their strong and weak points, and then getting the response from likely voters. A source familiar with the findings reports, "No one jumped out as the front-runner. Wouldn't that have been nice?"

State Super: We Need More Money To Handle Reforms

A year from today, the Department of Education could be managing the largest school district in the state and as many as 200 more low-achieving schools, state Superintendent Mike Flanagan told members of the State Board of Education today.

This scenario could be playing out by Sept. 1, when the recently enacted school reform laws go into effect and the five percent of school districts statewide that fall in the "low-achieving" status will be overseen by a new Reform/Redesign Officer and a staff of 12 more people.

Flanagan needs to appoint the Officer by Sept. 1. Flanagan said the Department of Education (MDE) is asking for \$500,000 to pay for the new department for the rest of the current fiscal year and \$1.7 million for FY 2011.

Michigan Factoid:
Actress Lilly Tomlin was born in Detroit in 1939.

"The Governor is on board with this," Flanagan told the Board. "Your voices are much more important than you know to help get legislative support."

Week Ahead

Look for the dissection of Gov. Granholm's proposed budget to begin in earnest.

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