



Friday, October 2, 2009

MANAGEMENT

Nell Kuhnmuench

Michael D. Hawks

Stephen E. Young

Kirk A. Profit

Kenneth Cole

Donald Van Singel

William Zaagman

Erik Hingst

Adrian Hemond

James Miller

Barbara Farrah

Patrick Laughlin

Gary M. Owen

Centerpiece

As most of Michigan now knows, this week the state's Legislature and Governor, for the second time in three years, walked past the October 1 beginning of a new state fiscal year without a complete budget in place.

Under the continuation budget, lawmakers have 30 days to complete a budget. The question, in light of difficulty passing a K-12 budget that would trim \$218 per pupil, is how much additional revenue are lawmakers willing to support.

The following are excerpts from a press scrum that GCSIntel was able to participate in late Thursday afternoon with House Speaker Andy Dillon (D-Redford). Dillon has made it clear that he hopes to begin moving revenue generating legislation next Tuesday. Dillon did not provide details on what revenue will be included in the package, although speculation has centered around a tax on doctors to leverage more Medicaid funding, a tax on bottled water and a possible hike in the state's tobacco levies.

Q. Are you going to run any revenue bills through committee?

A. It depends what they are. I was just talking to our tax policy committee, if there is one they think should be vetted, you know, before we put it up in here [on the House floor] we should do that.

But, a lot of them aren't that complicated; they are understood.

Q. Like . . . what is not so complicated?

A. Well, I'm not going to identify them. But I would agree the QAAP [tax on doctors to leverage additional Medicaid dollars] is a more complicated issue than another, like the sales tax.

Q. How do you hope to get Senate Republican votes when once again Senate Majority Leader Mike Bishop has said there will be no vote on tax increases?

A. He made it very clear to me that there's not one vote for tax increases, and he won't even assure me that he would put it up. That's why I agreed we'd do the budget with the dollars we have, with the revenues we have. But I said, 'If I do that, will you agree that I'll get a vote in the Senate?' [on revenues] and he said yes.

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So, I have to make my case to four or five Senators that it's a priority to fund Medicaid and it's a priority to fund scholarships and police and fire. I know I'm going to have a chance to get that seat in the Senate, and that's what we're going to do.

Q. Do you have the votes in here [the House] for revenue increases?

A. I believe we will, yeah.

Q. What about the Earned Income Tax Credit (EITC) is there a move to perhaps freeze that?

A. It's been discussed.

Q. Is that something you would support?

A. As part of a solution, not a complete freezing, but it could be part of a mix that provides revenues.

Q. The Governor said she's not very happy with your work product and she's going to be sending you back some pretty big vetoes. What's your reaction to that?

A. I'd like to sit at the table and find out what she wants corrected. That's one of the reasons I supported the continuation budget, it was necessary because it's not fair to her to expect her to sign all the conference reports in eight hours.

Plus, it was a way to avoid a state government shutdown. There are a lot of negotiations that are going to take place between now and the end of the continuation budget.

Q. So what is the strategy for the next few days?

A. We will identify how we will fund our priorities and next week we will do that. We will focus on how we fund police and fire, how we fund scholarships. I don't want to commit to Tuesday, but I'd like to do it Tuesday.

Q. With respect to K-12, are you going to throw that in the mix along with the Promise Grant?

A. The biggest problem yesterday was a lack of funding for K-12 so we'll probably have to look at providing revenue for the schools.

What hopefully this does is it starts bringing us to the table for real tax reform. You've got the Business Leaders of Michigan calling for real tax reform, I understand that they're in communications with the MEA about supporting comprehensive tax reform. The challenge we have, is can we get that comprehensive tax reform done in the period of time we have here, the next 20 or 30 days -- not likely, but the good that can come out of this is that the discussion can begin in earnest and something can get done in the next three months.

Q. When you talk about discussions beginning in earnest, you mean during the next 30 days of a continuation budget?

A. I talked about tax reform back in January at the opening of the Legislature. Detroit Renaissance picked up the ball and worked on it with Pat Anderson. Now groups are reaching out to them [Detroit Renaissance/Business Leaders for Michigan], the local units of government want to work with them, the education community wants to work with them. The coalition that is encouraging something like this to come together is building, and now I want to accelerate that pace.

Everyone wanted to get through this budget so that we could really begin looking at the big types of reforms that everyone talks about but that we do nothing with.

Q. Are you opposed to using any more of the stimulus in that bill [the K-12 budget]?

A. No. We know already in January we have a shortfall. At this point, let's just fund it and move forward and get to this comprehensive reform that's what I want to do.

GCSEye On The Capitol

Budget Deadline Passage Leads To Lots Of Process Reform Proposals

With the legislature and the Governor missing another budget deadline, a number of groups have popped up both criticizing the process and making suggestions for potential changes.

On Thursday, a group of 27 House freshmen from both parties announced their support of a constitutional amendment that would require completion of the state's fiscal year budget by July 1. For each day beyond July 1 that the Legislature didn't produce a spending blueprint, lawmakers would be docked one-day's pay.

"I am outraged by what took place this week regarding the budget, and more importantly, what did not take place," said Rep. Bill Rogers (R-Brighton). "The process is broken and we believe it is necessary to take bold action."

Rogers said it's in "everyone's best interest for Lansing to do their job and balance the budget on time. Local governments and school districts cannot be expected to complete their budgets on a whim and a prayer."

Senate Holds Onto 6 Budgets

As Gov. Jennifer Granholm has threatened to wield her veto pen, the Senate is keeping six key budgets in its arsenal.

The Senate gave immediate effect (I.E.) last night to budgets for General Government, Department of Natural Resources (DNR)/Department of Environmental Quality (DEQ), Department of Human Services, Department of Community Health, Michigan State Police Higher Education and Department of Energy, Labor and Economic Growth. However, Senate Majority Floor Leader Alan Cropsey (R-DeWitt) then asked for the vote to be reconsidered, so they weren't enrolled.

Matt Marsden, spokesman for Senate Majority Leader Mike Bishop (R-Rochester), said the Senate would keep the bills until the House sends over the K-12 budget.

"The Governor said yesterday that she needed time to read (bills) over and wouldn't sign them. Well, now she has time to do so," he said. "She demanded a continuation budget yesterday, so now she has 30 days to read these over."

The Week Ahead

Look for the House to begin churning out legislation that will raise revenue to help offset some of the cuts that the Legislature has moved for the fiscal year 2010 budget. Both Democrats and Republicans appear unwilling to cut funding for K-12 -- avoiding those cuts will require more revenue through either savings or tax increases.

Michigan Factoid:

The very first dispute in the proceedings of the 1961 Constitutional Convention was over the definition of what "until" means. The definition debate was brought about over discussion of hiring temporary convention staff "until" permanent staff members could be selected.

-- Official Record of the 1961 Michigan Constitutional Convention

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