



Friday, October 23, 2009

MANAGEMENT

Nell Kuhnmuench

Michael D. Hawks

Stephen E. Young

Kirk A. Profit

Kenneth Cole

Centerpiece

This week, GCSIntel sat down with House Appropriations Committee Chair George Cushingberry to talk about the status of the budget and the outlook as legislators and Gov. Jennifer Granholm begin to look at long-term reforms and potential revenue enhancements.

Q. Obviously, the budget is essentially in place?

A. It's been in place. The House passed a balanced budget on time. We [lawmakers] didn't like it, but it's balanced.

Q. Clearly, though, there has to be some compromise on either revenues or additional cuts in the coming year. What's going on with that? What's the timeline?

A. We'll be working on that all year because I'm hoping that we're not going to stay continually down, down, down. There are some national signs and even some signs in Michigan that we're going to turn a corner. Even the growth in unemployment is very narrow now. Where it was two-to-three-to-five percentage points at once, it was just one-tenth of one percentage point in terms of the growth of unemployment last month.

Q. But, even beyond an economic recovery or stabilization -- you think we have to modernize or change our tax structure, don't you?

A. Yes.

We're not going to be able to live with property taxes the way we have them if we believe the devaluation of property in Michigan and around the country will stand for awhile. It's my understanding now we're not talking about sub-primes, but a lot of people took advantage of the low-interest balloon mortgages, interest-only that will come due and they won't be able to get them refinanced. So, there will be a need for us to make major changes in the way we pay for things.

My own personal opinion is that as I look over and I travel this gorgeous and beautiful state and see all of God's wonder, I am always reminded how important it is for us to keep things clean, and maybe we need to move forward with a container fee that's for recycling and use those funds to make sure we also dedicate a portion of those funds to clean up the environment.

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Donald Van Singel

William Zaagman

Erik Hingst

Adrian Hemond

James Miller

Barbara Farrah

Patrick Laughlin

Gary M. Owen

In terms of local government, we have to accept that one of the things we want people to do is move away from the use of fossil fuels and that in the future we should look at the possibility of further taxing energy so that people know that it's a scarce resource and that people know it's one we shouldn't use as much and we should discourage its uses.

Q. As far as when some of these decisions are going to be made . . .

A. We're working on them now. We will be working on them in the election year. They will become even further heightened, so in the next few weeks what you'll see is the bully pulpits will start to work very hard now because we passed what we told them we had to do and over the years they've always said we didn't have the courage to do what we needed to do once. We've done it, the state's budget is balanced; it's painful, but it's balanced.

We will now continue to work to improve the economic conditions, which will give us a natural rise anyway. We will probably have to delay some of the implementation of some of the tax cuts that are scheduled. Some of them may have to be delayed, like the cut in the income tax, the automatic cut, four years out. All of that may have to come out of those statutes and not go down those roads of adding tax cuts over time because it doesn't make sense. It doesn't work as an economic stimulus. We should also really figure out how to invest more in education.

Q. But you're confident this legislature can make those decisions in the next 10 months?

A. Yes. Absolutely, I am not worried about whether we can continue down the path of reforming Michigan government.

GCSEye On The Capitol

Budget Battle Moves To School Aid Fund

This week, the battle over Michigan's beleaguered budget shifted to action taken by Gov. Jennifer Granholm to veto \$51.5 million in so-called 20j money and her threat to do a \$127 per pupil pro-rata cut later this year.

The crux of the dispute appears to be over whether the state's School Aid Fund budget as passed by both the House and Senate is actually in balance. The Senate Fiscal Agency (SFA) says it is. The state treasurer and budget director say there is a \$212 million hole in the school aid fund.

The pro-rata reduction works like this. State Treasurer Robert Kleine issued a letter declaring the hole in funding. Once that happened, the Governor informed school districts and lawmakers of her intention to implement the \$127 per pupil reduction in upcoming school aid payments.

The Legislature then has 30 days to appropriate more money for schools or the pro-rata will kick in for the Dec. 20 state payment to schools. For their part, Republicans argued that Granholm is using a false crisis to generate political leverage on the legislature in hopes of raising taxes -- a place they don't wish to go.

Texting Ban Moves In House Panel

It won't be a primary offense that you can be pulled over for, and you won't get points for it, but under legislation moving out of the House Transportation Committee Thursday you might get a \$100 fine for texting while driving.

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"I'm not crazy about it," confessed Rep. Gino Polidori (D-Dearborn), who wants points to be assessed and make it a primary offense.

"It's just like it was with seatbelts," reflected the Dearborn lawmaker, who is willing to take this legislation with hopes of making it a primary offense down the road, which is what happened with the seatbelt law.

Rep. Lee Gonzales (D-Flint) told his colleagues something must be done to regulate what he termed, "in-text-acated" driving.

Locals Rally For Revenue Sharing

Public safety in Michigan will be at greater risk unless the Legislature and Governor restore an 11.1 percent revenue sharing cut that jeopardizes the jobs of local police and firefighters, local government officials warned at a Capitol rally Thursday.

The roughly 200 who showed up at the "Rally for Public Safety" listened to some hot comments from local officials who have grown tired of the alleged \$3 billion in state revenue sharing cuts they've shouldered over the past eight years. They claim the cuts up to this point have killed the jobs of more than 1,800 police officers and 2,400 firefighters.

Michigan Factoid:

The Packard Motor Car Company in Detroit manufactured the first air-conditioned car in 1939.

The Week Ahead

Look for more line-item vetoes to come down on fiscal year 2010 budget bills that remain on Gov. Jennifer Granholm's desk. The state budget director and Treasury are saying the General Fund is already \$10 million off the mark since the bills were passed.

Possible veto items: private college scholarship grants, agricultural extension funding and others.

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