



This Week in Lansing

MHSA • Muchmore Harrington Smalley & Associates, LLC

Highlights of the Latest Major Legislative, Administrative and Regulatory Activity in the State Capitol

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POST SPRING BREAK BUDGET MOVEMENT – Following spring break recess, legislators continue to discuss budgets for the *2017-2018 Fiscal Year*, with *House* and *Senate* members reporting out versions for highly anticipated departmental budgets mid-week.

With most budgets reported out of subcommittees before break, *House* and *Senate* members approved respective budget proposals for the *Michigan Department of Human Services (DHHS)*, each differing significantly from *Governor Rick Snyder's* original proposal. The *House* plan (*House Bill 4238*) calls for \$120 million less in *General Fund* monies than what *Governor Rick Snyder* proposed at the beginning of this year, while the *Senate* plan (*Senate Bill 135*) calls for \$112 million less. One of the major issues included in both *DHHS* budget discussions was the funds recommended for the pilot program to integrate mental and physical health services in the state.

Senate subcommittees also reported budgets for the *Judiciary (Senate Bill 143)*, *Michigan Department of Corrections (Senate Bill 144)* and *General Government (Senate Bill 142)* this week. Neither the House or Senate have reported a *Capital Outlay* recommendation yet. All *Appropriation Budget Bills* can be viewed on the [House](#) and [Senate Fiscal Agency](#) websites.

STATE RECEIVES \$16M GRANT FOR OPIOID ABUSE PREVENTION – Michigan has received just over \$16 million in federal funds to continue its efforts in combating opioid abuse and addiction throughout the state, as announced by *Lieutenant Governor Brian Calley* today. The grant was awarded to the *Michigan Department of Health and Human Services (DHHS)* via the *State Targeted Response to the Opioid Crisis Grant*, which is administered by the *Substance Abuse and Mental Health Services Administration* housed within the *U.S. Department of Health and Human Services*. The grant will be used to increase treatment and promote prevention in the state through the following initiatives and programs:

- The *Michigan Automated Prescription Program*
- A statewide awareness campaign
- *Medication Assisted Treatment (MAT)*
- Michigan-OPEN research through the *University of Michigan*
- Increasing the availability of *Naloxone*
- Prevention services and strategies
- An increase in peer support, tribal support and law enforcement support
- Creation and implementation of a new model for re-entry services
- Collaboration with university partners on research opportunities, re-entry, and evaluation

The fight against opioid abuse and addiction has been an ongoing issue, one that has been at the forefront of state and federal officials. In 2015, **Mr. Calley** led the **Prescription Drug and Opioid Abuse Task Force**, which reported recommendations to the state as to how to address the opioid epidemic. In 2016, **Governor Rick Snyder** created the **Michigan Drug and Opioid Abuse Commission**, charged with implementing the **Task Force's** recommendations. Legislators have also begun working on bicameral and bipartisan legislation addressing a wide range of issues in hopes of curbing the problem.

Commenting on the grant and what it means to the state's efforts, **Mr. Calley** noted, "This addiction epidemic continues to impact families in every community across our state and across this country. Michigan is making strides in the fight against addiction and this grant will help us bring those efforts to the next level, helping more families find the support they need to prevent and treat addiction."

STATE STILL STRUGGLING TO PRE-FUND RETIREMENT FUNDS – With its report due to the **Legislature** by the end of this month, **Governor Rick Snyder's** task force on **Other Post-Employee Benefits (OPEB)** finds the state remains unable to pre-fund its own retirement system benefits, while local municipalities have begun making changes to address their individual funding issues. The 20-member task force was asked to give the **Legislature** recommendations to begin the process of solving the state's unfunded liabilities issue, following the failure of a multi-bill package last session that attempted (among other things) to reform **OPEB** at the local level.

OPEB, unlike pensions, are not guaranteed in the state's constitution and can be cut any time, something local officials have been sensitive to while make decisions to maintain benefits for retirees in their communities. Some local municipalities have closed the retiree health benefit to new employees, instead offering a savings account. The task force noted that though the state is encouraging local governments to adopt the **Governmental Accounting Standards Board's (GASB)** process of reporting unfunded liabilities, it does not plan to follow the same process, something the local governments do not agree with.

During last year's session, legislation was passed requiring all local governments to post online information if its **OPEB** and retirement systems are not pre-funded by 60 percent, however, the task force found, the state's own **OPEB** and retirement systems are not pre-funded by even half that amount. The **Michigan Public School Employees' Retirement System (MPERS)** was reported as having 27.5 percent of its liabilities funded in 2015; **Michigan State Police Retirement System** as having 14 percent funded; and **Michigan State Employees Retirement System** as having 14.5 percent funded.

State funded pension plans are also struggling to fund their liabilities, with costs of compensating for the **OPEB** systems increasing with healthcare/insurance costs and increased life expectancy. **Governor Rick Snyder** formed the task force in the hopes that its recommendations will assist legislators when the issue is brought up once more this session.

HOUSE ENERGY LAWS GO INTO EFFECT – As of this week Thursday, **PA 341** and **PA 342** went into effect, with state officials praising the "landmark" energy legislation as it is the first major energy law rewrite since 2008. Under the newly enacted laws, the state's renewable portfolio standard will be increased from 10 percent to 15 percent by 2021; expenditure caps on energy efficiency by utilities will be removed; and a goal of 35 percent renewable energy and energy efficiency by 2025 will be established. Following much discussion on the issue, the legislation was eventually passed in 2016.

Governor Rick Snyder and **Executive Director of the Michigan Agency for Energy Valerie Brader** expressed their support for the bipartisan laws, with **Mr. Snyder** stating, "I'm excited for this landmark legislation to go into effect. Giving residents cleaner, smarter energy options will improve their daily lives and ensure a reliable energy supply for decades to come." **Ms. Brader** echoed that sentiment,

noting that utilities throughout the state will see a positive change as well, stating, “The new law will make sure we keep electric bills down by allowing us to choose the best solution, whether that is a utility building a new plant, or investing in its own customers.” The *Michigan Public Service Commission* also expressed its support as the new laws will assist in addressing concerns of energy reliability.

CHARTER SCHOOLS: MULTIPLE ISSUES UP FOR DISCUSSION – Charter schools throughout Michigan could potentially see changes in the use of deed restrictions on potential school buildings and geographical preference in regard to students, should two bills receive passage. The bills, *Senate Bill 249* and *House Bill 4327*, were taken up for discussion this week in the *Senate Education Committee* and *House Education Reform Committee* respectively.

Senate Bill 249 calls for the allowance of *Public School Academies* (Charter Schools) to purchase former school buildings without deed restrictions (meaning, if a former school building has been transferred to the local government, that local government could not prevent a Charter school from using it for scholastic purposes). However, those in opposition to the bill claim that once the building has been transferred to a local government, local communities and boards should have the ability to decide what to do with the space. The bill remains in the *Senate Committee*.

As Charter and School of Choice advocates continue to work with *Senate* members on the aforementioned issue, so too are they putting forth efforts to alter their allowance of giving preference to students based on their geographical location. As currently written, charter schools must have open enrollment. Under *House* introduced legislation (*House Bill 4327*), Charter Schools would be allowed to target certain populations of students based on how far they live from the school, ie those in low-income households in neighboring areas.

Also written in the bill is the stipulation that those territorial boundaries for the Charter would not be able to cross traditional school district boundaries. In order to qualify for the preference, the student’s family would have to meet income requirements for the free or reduced lunch program, and 70 percent of students in that neighborhood or area would have to meet those same requirements or be eligible for the free or reduced lunch program. The bill saw no action and remains in the *House Committee*.

ODDS & ENDS

- *Business Leaders for Michigan* held a *Leadership Summit* on Monday of this week, with legislators and panelists discussing the state’s fiscal stability
- The *Senate Fiscal Agency’s* monthly report shows a \$165.8 million decrease in March 2017 from consensus revenue estimates from earlier this year and a 10.5 percent decrease from March of 2016
- *Governor Rick Snyder* signed and submitted the state’s plan to comply with the federal *Every Student Succeeds Act* early this week
- According to a report recently released by the *Anderson Economic Group*, Michigan ranks 16th lowest in the nation for an effective tax burden against businesses, and 3rd lowest for the amount state and local tax revenue kicked back to local and state government(s) from businesses
- On Tuesday of this week 12 *House* members participated in a *Fire Ops 101 Training* at *Lansing Community College Fire Academy*, following a day in the life of an EMS professional and firefighter
- The *City of Flint* announced it will continue its plan to use water from the *Karegnondi Water Authority (KWA)* as part of a deal with the *Great Lakes Water Authority (GLWA)*
- *Senator Bert Johnson* (D-Highland Park) was arraigned on Tuesday of this week in the *U.S. District Court* on two charges: conspiracy to commit theft from a federally funded program and theft from a federally funded program with the sentences being up to five years in prison and/or

- \$250,000 in fines and up to 10 years in prison and/or \$250,000 in fines, respectively
- Under **Senate Bill 286**, as reported by the **Senate Health Policy Committee**, certified nurse assistants (CNAs) from other states could work in Michigan and the **Michigan Department of Licensing and Regulatory Affairs (LARA)** would be responsible for providing nurse aide training and implementing a registration program
 - According to the **2017 Kids Count in Michigan Data Book**, more than one in five (22 percent) of the state's children lived in poverty in 2015, a 15 percent increase from 2008
 - The **Michigan Court of Appeals** ruled vested county employee retiree health care benefits cannot be altered by one party in a collective bargaining agreement
 - The state's unemployment rate decreased by 0.2 percentage points in March to 5.1 percent, the first drop since May of 2016
 - **Senator Goeff Hansen** (R-Hart) announced recently his plan to reintroduce legislation that would require insurance companies to cover orally administered chemotherapy medication
 - **Governor Rick Snyder** ordered all U.S. and Michigan flags to be lowered to half-staff today in all state buildings and throughout the **Capitol Complex** in honor of **Michigan National Guard Sergeant Brandon Cavanaugh**, who passed away April 13

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