



This Week in Lansing

MHSA • Muchmore Harrington Smalley & Associates, LLC

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

Volume XXIX – Issue 18

May 5, 2017

OMNIBUS BUDGET BILLS MOVE – Both the *House* and *Senate* moved the budgets for the **2017-18 Fiscal Year** this week, each passing respective versions of the **General Omnibus Budget** and the *House* passing its **Education Omnibus Budget**. The *House* took action early this week on Tuesday, passing both budgets on a vote of 60-47, with *Democrats* unsuccessfully calling for challenges on failed requests for amendments. The **Omnibus Budget, House Bill 4323**, totals \$38.6 billion, roughly \$500 million more than currently allocated and almost \$469 million less than recommended by **Governor Rick Snyder**. Of that total, \$8.4 billion will be spent via the **General Fund**, \$113.6 million below current spending and \$252 million below **Mr. Snyder's** executive recommendation.

As for the *House's Education Omnibus Budget*, members approved a total budget of \$16.3 billion, including the use of roughly \$415 million from the **School Aid Fund** to cover the **General Fund**. The **Education Omnibus** also increases per-pupil spending from \$7,611 and allocates \$129.1 million for “at-risk” students. The bill, **House Bill 4313**, is \$13.2 million less than what **Mr. Snyder** originally recommended and calls for a 1.9 percent base increase for the state’s 15 universities.

On the *Senate* side, members approved a \$56.1 billion **General Omnibus** budget on Wednesday, a 1.7 percent increase from the current spending plan. The focus of *Senate* members, as noted by **Senate Majority Leader Arlan Meekhof** (R-West Olive) was to pass a plan that would then set the stage for a bill addressing the **Michigan Public School Employee Retirement System (MPERS)** funding issue. *Democrats* disagreed with this approach, claiming the \$542.4 million in reserved funds could have been used elsewhere in the **General Omnibus (Senate Bill 130)** budget. The *Senate's Education Omnibus Budget, Senate Bill 131*, did not see action this week, however.

House and *Senate* members now turn their attention to the **May Revenue Estimating Conference**, where the budget allocation numbers could change. The conference is set for May 17.

HOUSE PASSES MITHRIVE PACKAGE – The highly contentious and heavily discussed brownfield redevelopment, or **MIThrive**, package of bills saw passage in the *House* on Thursday this week, following the failure of the package last session during **Lame Duck**. The legislation outlines the capture of sales, use and income taxes developers can receive by redeveloping “transformational brownfield sites”.

The bills, **Senate Bills 111-115**, call for the allowance of the capture of 50 percent of the income taxes generated by the new jobs and residents within the completed development for up to 20 years, but would have a cap of \$40 million annually for said capture. As for captures relation to construction on the site, developers would see a cap of \$200 million annually. The projects, in order to be deemed “transformational”, would be required to have investments totaling between \$15 million and \$500 million,

with each city in Michigan limited to only one project per year. any plan for such project would have to be approved by local and state officials, while anything larger would require a third-party analysis and signature from the state treasurer.

During the entirety of the program, no more than \$1 billion in incentives could be awarded and 35 percent of approved plans must be located in communities with populations of less than 100,000 people. During its discussion of passage, the *House* adopted only one amendment on Wednesday: a 45-day effective date would be placed on the legislation. Those in support of the legislation note that by passing the bills, the state has created incentives for the furtherment of economic development in areas currently not in use. *Senate Bills 111, 112 and 115* passed the *House* on a vote of 85-22 and *Senate Bills 113 and 114* passed on a vote of 83-24.

MENTAL HEALTH INTEGRATION – This week both the *House* and *Senate* adopted different versions of boilerplate language within the *Michigan Department of Health and Human Services (DHHS)* budget that would initiate pilot projects to integrate physical and behavioral health. The language is a follow up from one of the most controversial recommendation from *Governor Rick Snyder's* budget last year. The so-called *Section 298* proposal was panned by mental health advocates and quickly walked back by the *Administration*. Since that point in time, the *Michigan Association of Health Plans (MAHP)* has been pushing for the pilots and integration. The *Michigan Association of Community Mental Health Boards (MACMHB)*, consumers, and advocates have fought back wanting to retain the public mental health system. At stake is over \$2.5 billion in *Medicaid* funding and the current structure of how behavioral health services are delivered in Michigan to the over 300,000 behavioral health consumers and families. This issue will undoubtedly be one of the high profile sticking points that the *Legislature* will need to resolve during conference committee negotiations in the coming weeks.

MI AUTHORIZERS: CYBER CHARTERS SHOULD HAVE EQUAL FUNDING – During the *Michigan Authorizers Conference* this week, officials spoke to attendees on multiple issues, including the oversight of charter schools and appropriate funding for cyber charter schools throughout the state. The lack of a physical school building, presenters noted, offsets other costs cyber schools encounter, making their funding just as crucial and equal to those considered traditional charter schools.

However, *State Superintendent Brian Whiston* noted, in order for those schools to receive the same amount, they need to prove equal in success for students. Admittedly, cyber charter school officials noted graduation has been and continues to be a struggle, something they said could be improved if their funding and resources were at the same level as in-person schools. The officials also spoke to attendees on the struggles cyber schools face, including rental fees for test taking and legal fees for oversight, as well as the lack of funding for special education.

While funding for charters (including cyber charters) remains a topic of discussion among legislators, so does the issue of oversight of such schools, something the conference addressed to attendees. Charter leaders at the conference noted that charter school authorizers need to promote maintenance and retain their role in the oversight of the schools, but in order to do so, must ensure each school is top quality. Currently, charter schools enroll roughly 10 percent of Michigan's student population, something officials stated has been that way for several years.

Executive Director of the *Michigan Council of Charter School Authorizer (MCCSA)*, **Jared Burkhart**, told attendees that the newly agreed upon arrangement between the *Michigan Department of Education (MDE)* and nine school districts in *Detroit* to avoid closure would be something charters could be effected by as well, as changes to oversight could be seen. A change in state leadership could affect charter school authorizers as well, as some opponents claim the authorizers are not doing what they need to.

The *Legislature* continues to discuss the topic of charter funding as well as it moves through its *Fiscal Year 2017-2018* budget process.

ODDS& ENDS

- 6,000 homes will begin to receive new pipes in *Flint* this week as a part of *Flint Mayor Karen Weaver's FAST Start* pipe replacement initiative
- The *Michigan Department of Natural Resources (DNR)* announced the creation of a panel of scientists and experts to find out how to eliminate chronic wasting disease in the state, with the panel required to submit recommendations by December 31 of this year
- Michigan's average cost per workers' compensation claim was reported as the lowest of 18 states surveyed in a recently released *Workers Compensation Research Institute* study
- Michigan was awarded three awards for cybersecurity innovation, leadership and rising leadership at the *2017 StateScoop 50 Awards*
- The *Michigan Public Service Commission (MPSC)* announced a technical conference on infrastructure and regulatory issues related to compressed natural gas and electric vehicles will take place on August 9 of this year and will be held at the *MPSC* offices (7109 W Saginaw Hwy., Lansing)
- The next *Pipeline Safety Advisory Board* meeting is set for June in *Petoskey*
- *Governor Rick Snyder* ordered all state and *U.S.* flags to be lowered to half-staff on Tuesday in honor of *Staff Sgt. Brandon Bosley* of the *U.S. Airforce* who passed away Friday, April 21
- The *Commission on Services to the Aging* announced comments on its 2017-2018 through 2019-2020 fiscal year plan are now being accepted. The plan can be viewed [here](#)
- 71 percent of all school related proposals passed in the May 2017 election that took place on Tuesday of this week
- *House Bill 4130* was moved out of the *House Commerce and Trade Committee* and to the full *House* for a vote, with the bill calling for the requirement of workers contracted to work on government-funded projects to be verified as legal *U.S.* residents
- *Michigan Court of Appeals Judge Henry Saad* announced he will be retiring this September after serving for approximately 23 years
- The *Michigan Supreme Court* ruled this week that for-profit schools and colleges are eligible to apply for personal property tax exemptions
- Following a hearing on the issue, *Representative Jim Runestad* (R-White Lake Twp) announced his plan to introduce legislation that would fundamentally change how judges handle child custody disputes following divorce
- The *Michigan Department of Health and Human Services (DHHS)* announced the launch of a new website to provide the public with information about the link between health and the environment. The *MiTracking* page can be viewed [here](#)
- Under *House Bill 4423*, as sponsored by *Representative James Lower* (R-Cedar Lake) and reported from the *House Local Government Committee*, financially stressed counties could receive funding for the hiring of up to four additional deputies for road patrol
- According to an update from *Michigan's Unemployment Insurance Agency (UIA)*, of the additional 14,454 unemployment fraud cases reviewed, there was a 47.5 percent reversal rate
- *Senate Bill 98* moved to the *Senate* floor on Wednesday, with the legislation calling for the permission for the *City of Flint* to be designated as a *Promise Zone*; the designation would allow for the pooling of local resources and use tax increment financing to assist students in funding their college education
- According to the *Michigan Department of Education (MDE)*, nine school districts have now finalized and signed *Partnership Agreements* with the *Department* to avoid closure, with the

- agreements stating the state cannot take action to close any of those schools for at least three years
- **Senate Majority Policy Advisor Bob Wilson** announced his departure from the position after more than 28 years, and will now be the executive director of the *Michigan Trails and Greenways Alliance*
 - According to a decision from the *Michigan Court of Appeals*, education unions cannot limit a member to leaving said union for just one month out of the year, meaning members can leave the union at any time
 - The *Michigan Strategic Fund* approved two business expansions this week, totaling \$10.9 million and expected to create 132 new jobs; one in *Sterling Heights (A.G. Simpson)* and one in *Lowell (Attwood Corporation)*
 - The *U.S. House of Representatives* passed the new *American Health Care Act (AHCA)*, under which *Healthy Michigan* will still be phased out despite *Governor Rick Snyder's* push for *Medicaid* expansion in the state
 - *Senate Bills 335* and *336* were passed out of the *Senate Elections and Government Reform Committee*, with the bills aligning the *Michigan Campaign Finance Act* with a 2010 ruling that government cannot restrict independent political expenditures by for-profit or non-profit organizations; other associations; or labor unions
 - The *House Oversight Committee* sent legislation to the *House* floor, with the bills (*House Bills 4431* and *4432*) allowing that committee to subpoena records from local governments
 - *Attorney General Bill Schuette* and *Senator John Proos* (R-St. Joseph) announced their new campaign against the practice of “smurfing” (purchasing cold and allergy medicines containing pseudoephedrine to give to someone in order to produce meth)

REMINDER - The *MHSA* team welcomes *Gubernatorial Candidate Gretchen Whitmer* to our office for a luncheon on Monday, May 15th. We warmly extend an invitation to all of our clients. **Kindly RSVP to Kate Barnes by Wednesday, May 10th at kbarnes@mhsa.com** or 517-484-8800.

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