



## **CAPITOL REPORT**

January 17, 2003

**T**he 2003 session of the Michigan Legislature formally opened on January 8 . . . and recessed to begin serious business in the Senate on January 21 and in the House on January 28.

During the interim, senators busied themselves in confirmation hearings for Gov. Granholm's major appointees and members of both chambers digested increasingly dire news on the budget front.

### **2003 Legislative Leadership**

**H**ouse members re-elected Speaker Rick Johnson, who immediately became a lame-duck in that position by virtue of Michigan's constitutional term limits provision. Committee chairs selected by Johnson include Rep. Marc Shulman, returning for a second (and final) time as chair of the very important appropriations committee which will have a 20-11 GOP majority. Rep. Brian Palmer (Macomb County) heads a very conservative House Education Committee and newcomer John Moolenaar (Midland County) heads the K-12 Appropriations Subcommittee.

Meanwhile, Senate Majority Leader Ken Sikkema was announcing Senate committee assignments. Sen. Shirley Johnson will head Senate Appropriations and brings to that position more experience than the rest of her committee members combined, by virtue of long pre-term limits, experience on the House Appropriations Committee, and four years on the Senate panel. Next to Sikkema, she'll be the most influential member of the Senate. Conservative Sen. Wayne Kuipers (Ottawa County) heads the Sen. Education Committee and moderate veteran Sen. Ron Jelinek heads the Senate K-12 Appropriations Subcommittee.

Democratic leaders are Bob Emerson in the Senate and Diane Byrum in the House, both of whom have long pre-term limits experience in the House. Outside of Sikkema, Johnson, Emerson and Byrum, experience in the new Legislature is in extremely short supply, with 54 new members (out of 110) in the House and 28 (of 38) in the Senate.

## **Confirmation Hearings**

Don't expect any major confrontations between Gov. Granholm's appointees and the GOP-controlled Senate. There may be a "dust up" or two to demonstrate that Senate Republicans won't be entirely passive, but, on the whole, GOP legislators will be reluctant to appear obstructionist during the new Governor's early "honeymoon" days. Expect all, or nearly all, Granholm appointees to breeze through confirmation hearings.

## **Budget and Taxes**

Yes, the state budget picture is worse than most observers expected. Outgoing Gov. John Engler slashed state spending just before leaving office, believing that his cuts would balance the 2002-03 budget. But worse than expected revenue figures now mandate further cuts of \$277 million in the rest of the current fiscal year. For FY 2003-04, the shortfall just to retain existing programs is \$1.62 billion (of which \$365 million is a school aid fund shortfall).

Gov. Granholm, in reaction to the current FY deficit, quickly issued an executive order that includes \$134 million in school aid cuts. Her plan involves complex calculations that produce cuts ranging up to \$100 per pupil. In general, using her approach, poorer and rural districts with historically low SEVs per pupil do worse than wealthier, urban districts.

Legislators have thirty days in which they could reject her proposal (by enacting a legislative bill amending the current school aid act) but most observers think GOP lawmakers will let the Granholm cuts stand as she proposed.

The foregoing just takes care of the current fiscal year. For 2003-04 cuts . . . stay tuned.

## **Granholm Names MDOT, Technology Chiefs**

Gov. Granholm has named a former state employee to run the Michigan Department of Transportation (MDOT). Appointee Gloria Jeff worked at MDOT for 13 years and is an engineer, though not presently licensed in Michigan. During that time she was the highest-ranking African American female in the agency. She left that post to join the Federal Highway Administration under the former Clinton administration. While at FHA, she served as a deputy director and helped administer a \$26 billion budget. Ms. Jeff, who has bachelor's and master's degrees in civil engineering from the University of Michigan, is the first woman and the first African American to head the Department of Transportation. Since 2000, she has been vice president and board member of the firm of Parsons Brinkerhoff Quade and Douglas in Atlanta.

Ms. Granholm also appointed Teresa Takai, a Federal Mogul executive, as the director of the Department of Information and Technology.

**Next: State of the State, Budget, and Committee Work**

Gov. Granholm's first State of the State message will be delivered Wednesday night, February 5<sup>th</sup>, to a joint session of the Legislature. Her budget message will probably be delivered in mid-to-late February. Look for the first substantive legislative action to begin then. We think budget action may not be completed until the very eve of the new fiscal year which begins October 1<sup>st</sup>. Meantime, expect a lot of posturing from all quarters on the key question of whether the next scheduled income tax cut will be rescinded and on the issue of other tax or fee increases.

**Good News at KC**

Kelley Cawthorne is extremely pleased to announce that two new outstanding persons have been added to our government relations team. They are David K. Ladd and Rob Elhenicky. Dave served as legislative director for former Speaker Chuck Perricone, assistant to Sen. Ken Sikkema and director of the Office of Great Lakes, a cabinet position under Gov. Engler. Rob served in the office of Sen. Bill Bullard and as legislative affairs person for Jackson National Life Insurance Co. We welcome both to our team!

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