



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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STATE GENERAL FUND REVENUES REVISED DOWN BY CREC PRINCIPALS – This morning, state and legislative budget principals convened the second *Consensus Revenue Estimating Conference (CREC)* of the year and revised the budget forecast from January’s *CREC* down by **\$1.8 billion** for the *Fiscal Year 23-24* state budget. The current year’s revenues were also revised down by \$883.4 million.

The downward projections are linked almost exclusively to recent tax changes enacted by the legislature, including corporate income tax earmarks, increases to the earned income tax credit, retirement taxation changes and delivery and installation exemptions.

The *General Fund* for the current fiscal year is down \$989 million from the January *CREC*. Compared to the previous year, that is a \$1.4 billion, or 9.4 percent, decrease. The *School Aid* fund however was revised up by a modest \$106.5 million compared to January’s projections. **Jim Stansell, Senior Economist** with the *House Fiscal Agency* identified recently enacted legislation as the main drivers for the downward revisions stating, “You can see that on the bottom line that the impacts are all dominated by tax changes that have been enacted since January...the declines will focus on the General Fund because most of the legislation that's been enacted has attempted to hold the School Aid Fund harmless.”

Legislators and the Governor’s staff are now tasked with finalizing the *Fiscal Year 23-24* budget based on the new revenue projections. Conference committee members are expected to be announced soon with final negotiations between *House* and *Senate* leadership and the *State Budget Office* expected to begin in earnest in early June.

SENATE PASSES SB 14 GRANTING STATE GREATER ENVIRONMENTAL AUTHORITY – *Senate Republicans* were outraged Wednesday, when the chamber passed *Senate Bill 14*, legislation that overturns a 2018 law preventing state departments and agencies from adopting or promulgating rules more stringent than applicable Federally mandated regulations.

Bill sponsor, **Senator Sean McCann (D-Kalamazoo)** advocated for passage of *Senate Bill 14*, explaining the 2018 mandate “was poorly defined, confusing and presents a potential lengthy process that prevents Michigan from acting swiftly to address environmental and public health crises”. Supporters of the legislation argue the law as currently written undercuts the state’s ability to enact stronger protections particularly surrounding the state’s environment and natural resources.

The original legislation in 2018, required state agency officials to determine there was clear and convincing evidence that the federal standard should be exceeded. That legislation was narrowly adopted in December of 2018, but has had state environmental groups itching for repeal ever since.

Republicans fervently tried to adopt multiple amendments to *Senate Bill 14* several times expressing economic concerns about burdensome regulations should the bill pass, concerns they assert will eventually drive away businesses. During the floor debate, *Senate Minority Leader Aric Nesbitt (R-Porter Township)* stated, “the unpredictable nature of this Biden and Whitmer economy is already threatening enough to those trying to make ends meet...creating additional unnecessary burdensome regulations at the state level that exceed those of the federal level only compound the current economic hardships”. *Senator Ed McBroom (R-Vulcan)* questioned why members would even bother to run for office if they wished to delegate their rule-making authority away to bureaucrats.

Senate Bill 14 passed the *Senate 20-18* with every *Republican* amendment failing on party line votes.

NEW MEDICAID DIRECTOR ANNOUNCED - The Michigan *Department of Health and Human Services (DHHS)* announced *Meghan Groen* as the new *Senior Deputy Director of Behavioral and Physical Health and Aging Services Administration*, which includes serving as the state’s *Medicaid Director*. She will oversee physical and behavioral health, long-term care, and aging programs in her new capacity.

Ms. Groen boasts 20 years of experience in government, policy, and nonprofit administration. She has most recently been serving as senior advisor to *DHHS Director Elizabeth Hertel*. Prior to joining the *Whitmer Administration* in 2019, *Ms. Groen* ran her own consulting firm. Before that she was director of government relations for Planned Parenthood of Michigan and served as staff in both the Michigan *House* and *Senate*.

Upon the announcement, *Director Hertel* issued the following statement, “Throughout her career, Meghan has demonstrated remarkable leadership abilities and a keen, incisive understanding of health policy and the challenges in providing health services. I’m confident she will help lead our Behavioral and Physical Health and Aging Services Administration forward as it continues its work to improve access to health care and provide better health outcomes for our friends and neighbors”.

HOUSE EDUCATION DEBATES LEGISLATION EXTENDING SUBSTITUTE TEACHER REQUIREMENTS – The *House Education Committee* received testimony this week on *House Bill 4549*, legislation that would extend current law allowing certain individuals to work as substitute teachers without teaching certificates.

House Bill 4549 allows individuals already employed by a district to work as a substitute teacher if they have a high school diploma. Under the bill, an individual could serve as a substitute teacher if they have a high school diploma and an appropriate permit through June 30, 2025. For grades 9-12, the individual would also have to be 21 years of age or older, unless they were participating in an educator preparation program.

Bill sponsor *Representative Nate Shannon (D-Sterling Heights)* indicated the bill extends the policy for one year longer than originally passed, but he does not want to see the change permanent. The goal is to address the acute shortage of professionals currently, a sentiment echoed by *Sheryl Kennedy* who testified on behalf of the *Michigan Department of Education*. “This will buy us a few years, so that the substitute shortage can be addressed and at the same time will really give us a lot of excellent information about really how broad that substitute shortage is”. *Ms. Kennedy* went on to indicate many schools are combining classrooms to accommodate shortages, which is difficult for both the teacher and the students.

The *House Education Committee* is comprised of many former teachers, many of which shared personal experiences of having to substitute classes during preparation time or lunch breaks. *Representative Jaime Churches (D-Brownstown Township)*, also a former teacher, said she taught classrooms with as many as 60 students when a colleague had an appointment or needed to leave school early.

Lawmakers agreed the bill is not a panacea, but that the legislation may help introduce the profession to individuals that eventually realize they love the vocation and commit to becoming a teacher. To that end, *Representative Brad Paquette (R-Niles)* said, “Substitute teaching is not a profession, it’s not something that’s like ‘oh, I want to grow up to be a substitute teacher’, people pursue the profession of teaching by experiencing the fulfilling world that teaching and substitute teaching can bring”. *House Bill 4549* remains in the *House Education Committee*.

ODDS AND ENDS

- *Governor Gretchen Whitmer* and *Lt. Governor Garlin Gilchrist* issued a letter to *Assistant Secretary of Commerce for Economic Development Alejandro Castillo* this week urging the U.S. Economic Development Administration to designate a regional technology and innovation hub in Michigan. Last year, Congress appropriated \$500 million to launch the Regional Technology and Innovation Hubs program, to accelerate innovation in key industries including AI, automation, and nuclear technology. An estimated twenty regional tech hubs will be designated throughout the country later this year.
- Former Democratic House Representative *Leslie Love* announced she will be running for the Democratic nomination of the Michigan United States Senate seat in 2024. Love points to her experience as a state representative and calling the most populous and economically thriving region of the state home as compelling reasons to run. *U.S. Representative Elissa Slotkin (D-Lansing)* has already announced her candidacy amongst others.
- The *House Judiciary Committee* reported a package of bills on Wednesday that would outline penalties for false representation in assisted fertility procedures. Proponents of the legislation argue regulations surrounding assisted reproductive procedures largely do not exist. The *bipartisan* package of bills includes *House Bills 4178, 4179, 4180 and 4181 and 4182*.
- The *Michigan Department of Technology, Management and Budget* announced it has begun its search for the state’s 2023 Christmas tree. The selected tree adorns the front of the Capitol grounds during the holiday season. Nominations are due by August 14. Those interested in nominating a tree should email their name, phone number, photo of the tree, and its size and location to christmastree@michigan.gov.
- The *House Transportation, Mobility and Infrastructure Committee* took testimony only on *House Bills 4152 and 4153*, legislation that would require the *Michigan Department of Transportation* to create and operate a local grade separation grant program for the creation of overpasses and underpasses to separate motor vehicle traffic and railroad traffic.
- The *House Health Policy Committee* reported *House Bill 4071* to the House floor, 14-3 on Thursday. The bill prohibits health insurance policies from applying financial requirements to orally administered anticancer medications that are more restrictive than the financial requirements it applies to intravenously administered or injected anticancer medications.
- The *House Energy, Communications and Technology Committee* announced the creation of the *Energy Reliability, Resilience and Accountability Task Force* on Thursday. Committee Chair, *Representative Helena Scott (D-Detroit)* will also serve as the task force chair. The task force will travel throughout the summer soliciting feedback from residents and has three objectives: updating and expanding the state's oversight in the energy grid infrastructure; ensuring the reduction of time spent with the power out during mass outages; and investment in upgrading older generations of transmission and distribution systems by

2035. Other members of the task force include: *Rep. Joey Andrews (D-Saint Joseph)*, *Rep. Jen Hill (D-Marquette)*, *Rep. Cynthia Neeley (D-Flint)*, *Rep. Amos O’Neal (D-Saginaw)*, *Rep. Abraham Aiyash (D-Hamtramck)*, *Rep. John Fitzgerald (D-Wyoming)*, *Rep. Pauline Wendzel (R-Watervliet)*, *Rep. Pat Outman (R-Six Lakes)*.

- The *Department of Technology, Management and Budget (DTMB)* announced the state's seasonally adjusted unemployment rate dropped three-tenths of a percentage point in April, landing at 3.8 percent. Employment in the state rose by 30,000, while unemployment decreased by 14,000 according to the department.
- June 19, otherwise known as “*Juneteenth Day*” could become the state’s next official holiday after the Senate passed *Senate Bill 50*, 37-1. The bill commemorates June 19, 1865, a day shortly after the end of the American Civil War when slaves in Texas were officially notified the federal government had freed them two years earlier through the Emancipation Proclamation.
- *House Bill 4375* passed the House on Wednesday 57-50. Bill sponsor, *Representative Kristian Grant (D-Grand Rapids)* spoke in support of the bill that amends the *Land Bank Fast Tract Act* and allows a city with a population of 50,000 or more to create a local land bank authority if the city is located within a county without a land bank.

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