

MICHIGAN AFSCME COUNCIL 25
LEGISLATIVE REPORT
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PRIVATIZATION

The State Employee Coalition's proposed language on changes to Michigan Civil Service rules designed to give us back the right to fight costly outsourcing of our jobs has continued to languish. We believe we have 2 of the necessary 3 votes to make a change similar to our proposal but the Chair of the Commission continues to avoid making a commitment. Obviously we do not want to take a vote and lose. We are trying to urge the Commission Chair to join us but have to walk a tight line to avoid giving the Governor a second appointment.

Over the summer the UAW's legislative representative, Tim Hughes, and I met with Civil Service Commissioner Charles Blockett, Jr., our strongest supporter on the Commission, and shared with him the most recent recommendations of the Coalition of State Unions. He agreed to review it and make recommendations to us on what he thought could be "sold" to three commissioners.

This rule change is more important than ever. The "Teapublicans" in the House and Senate continue to push hard for privatization and have included language in the budget to require more and more RFPs including a specific requirement in the area of MSI clothing operation and economic incentives to local government to privatize services. A bill has even been introduced that would prohibit government from doing *anything* that a private company can do.

A vote on privatization of the Grand Rapids residential aides appeal resulted in a loss. The 2-2 decision of the Board upheld the decision of its staff to allow the contract for RCAs. The 2 votes insisted that quality is not a factor that the staff is to even consider in the CS-138 process under Standard D. A showing of cost savings is all that is required regardless of the quality of the services purchased! Quality, they argued is the responsibility of the Administration and the Legislature.

We are continuing to pursue the poor treatment of veterans at the GRHV and its short failings continue to be noted by legislators and the press. Democratic Leader Tim Greimel, and Representatives Brandon Dillon and Winnie Brinks conducted a surprise visit at 7 am and were very disturbed by two factors: (1) the diminished care reported by residents of the Home and (2) efforts by the GRHV Administration to prevent them from talking with residents. They issued a scathing report (attached to this report). In response to their report, AFSCME staged an informational picket line outside the facility a few days before the 4th of July holiday to draw attention to the breakdown in service to those who served us in the armed forces by the Snyder Administration. We anticipate veteran objectors to join us at the next Civil Service Commission meeting which is scheduled for September 18th.

Now over 300 AFSCME members jobs are in jeopardy as the Snyder Administration shifted its position (again) on privatization of prison food services. Michigan AFSCME appealed the decision to the CSC staff showing that if comparison with state cost and private costs were compared on an apples-to-apples basis, our delivery was less expensive than the bid proposed by ARAMARK. The Administration had to engage in contorted gymnastics to appease their Teapublican allies in the Legislature to come up with a revised bid from Aramark to meet the Standard D requirements. Yet, citing extremely limiting language in CSC rules and regulations, the CSC staff again rejected our appeal. The result was only reached by using old state employee costs and decreased private sector performance. Apparently, the CSC staff is reading the rules to say that if a private company provides a bid – no matter how understaffed or understocked – that purports to cost less than what the state paid the year before the bid, the private corporation wins. Further this is true even if the state is contemplating other money saving efforts on the public sector side. We have filed a technical complaint and will, if necessary again go to the full Civil Service Commission.

The next meeting of the Michigan Civil Service Commission will be held 10 A.M. September 18 at the Capitol Commons Center, 400 S. Pine Street, Lansing (lower level Rm. A.) We are expecting veterans to return to show their concern about the care at the Grand Rapids Veterans Facility. And we expect vendors, members of the faith based community, prison advocates and more to protest the proposed privatization of food service to be in attendance. Representatives Brandon Dillon and Winnie Brinks (both from the Grand Rapids area) are planning to bring their findings from the visit they conducted at the GRHV facility with Democratic Leader Tim Greimel. Senator Tom

Casperson (R-Escanaba) intends to voice his opposition to prison food service privatization. Labor will continue to advocate on all of these issues and to urge quick action on rule changes making clear that the quality and quantity of service – that is the value of the purchase – must be considered in any cost analysis. Anyone can buy a broken refrigerator cheaper than a new one but it won't keep your food cold!

SCHOOL DISTRICT DISSOLUTION

After one of the more contentious debates (even for this Legislature) HB 4815 was enacted and signed into law providing for what became the dissolution of the Buena Vista and Inkster school districts. Trying to deal with the fiscal problems generated by state education budget cuts that meant at least two school districts would be unable to open their doors this September started out on a conciliatory note from the Administration. The Governor's office contacted labor and House Democrats looking for support of legislation to allow these two most stressed school districts to be merged into neighboring districts in an orderly fashion. Labor, the Governor and Democrats agreed on a system designed to protect the students and the people working in the state-destroyed districts. One of the two bills was even introduced by Democratic State Representative David Rutledge. But at the 11th hour, State Rep. Lisa Posthumus-Lyons, chair of the House Education Committee decided to blow up the entire bi-partisan agreement by rejecting the protections to assure an orderly transfer of employees needed by the new districts from the dissolved districts. Her outrageous antics on the House floor, including her comparison of school workers to barnyard animals, have been criticized far and wide but she has offered no apology for her behavior. Her claim that she wanted to "protect students not adults" is belied by the fact that students need adults to teach them, to transport them, to feed them and to clean up after them. The two bills became law (after Rep. Rutledge removed his name as a sponsor) on mainly a party line vote and over the bi-partisan objection of the members of both houses who represented the school districts involved.

MEDICARE EXPANSION

The Michigan Senate *finally* passed the Medicaid Expansion bill August 28th. Sen. Tom Casperson (R-Escanaba) became the 8th of the 26 Republican members to join the 12 Democratic members in voting to assure health care for people with incomes between 35 and 133% of poverty. He had voted no on the first vote but had a change of heart on reconsideration after he won a minor amendment and after intense lobbying by labor including calls from 40 Marquette Central Labor Council members who were meeting on RTW at the time of the vote. Special thanks to outstate staff director Shana Alderton for passing the word to his UP constituents. Sen. Casperson's aide tells me that they were receiving 16 calls a minute between the two votes!

In a desperate ploy by opponents a record roll call vote on immediate effect failed by 2 votes. The Senate, unlike the House honors requests for record roll call votes and never "gavels" IE but instead votes electronically (even where not recorded). IE takes a 2/3 vote or 26. There were 24. The Senate held the bill over until Tuesday September 3rd in hopes of taking a second shot at gaining the 2 votes needed.

The State Legislature completed work on the Medicaid Expansion bill on September 3rd but the Senate chose not to try to order immediate effect. The bill now goes to Governor Snyder who is expected to sign the bill into law. Unfortunately, the working poor will have to wait an extra three months for the medical care promised by the Affordable Care Act (aka Obamacare) due to the petty and vengeful spirit of Teapublicans who refused to give the bill immediate effect. Sen. Tupac Hunter, the Senate Democratic Floor Leader attempted to bring the issue of immediate effect back before the Senate but was gavelled out of order by Senate President Brian Calley who noted that the bill was no longer in the Senate's possession. Senate Democratic Leader Gretchen Whitmer decried the action as detrimental to the people of the State of Michigan. There are three potential consequences of the failure to order immediate effect:

- People will be denied health care for three additional months or more – there is a question as to whether the Department can begin to accept applications before the effective date of the act. However, efforts are underway

to explore a way to do so in order to allow benefits to begin on the effective date of the act (expected to be in late March of next year);

- The State of Michigan expects to lose over ½ billion dollars in federal assistance for implementing the change and covering benefits (at 100% federal reimbursement for the expansion population) between now and the effective date of the act;
- Low income individuals who cannot afford insurance could be penalized under the ACA for failure to purchase insurance. However, other provisions in the act will likely exempt most if not all from penalties (penalties are waived if a person cannot acquire insurance at an affordable price defined as about 9.5% of income). And if we can find a way to sign them up early we can avoid penalties as they could be without insurance for less than 90 days. (The State Act goes into effect 90 days after the Legislature adjourns sine die which is likely to be late December. Penalties only accrue if an individual is uninsured for 90 days in a calendar year. The state law will likely go into effect about 85 days into 2014.

But the main thing is that Medicaid eligibility will be expanded in Michigan allowing the Affordable Care Act to operate as anticipated. In states that have been receptive to the provisions of the Affordable Care Act, the combined impact of Health Care Exchanges, Medicaid Expansion, Universal Mandates and capped medical loss ratios are already seeing a downward impact on health care insurance rates for everyone. That is being delayed in recalcitrant states like Michigan who have seen battle after battle with Teapublicans who are trying to make their predictions of a “train wreck” self-fulfilling by hampering implementation.

FY 2013-4 BUDGET ENACTED

The 2013-14 Conference Reports on the Budgets have been enacted. As noted above the budget pushes for additional privatization which will continue to be one of our most serious challenges in the next year. Examples include:

- Incentive payments to school districts that competitively bid non-instructional services;
- allowance of bids for food service and/or custodial services at state hospitals;
- required bid solicitations for “stores, prisoner clothing, and up to 1,750 custody beds” in the Department of Corrections;
- required “bids for the electronic monitoring center and for a secure detention facility that would house MDOC inmates serving terms of 2 years or less and provide job training and related programming”;

While public employees could provide bids, the act provides that upon winning a bid such employees would no longer be state employees. The act also provides that public sector unions can be bidders.

ROADS

Prospects for a road funding agreement continue to grow dim. Republicans have only presented proposals that would pit education and road funding against each other and require a public vote to increase the sales tax.

ATTACHMENTS

See attached.

GRAND RAPIDS HOME FOR VETERANS: THEY DESERVE BETTER

When our sons and daughters sign up for the military, we promise them the best care we can give them in return. But are we delivering on that promise? After hearing reports of low-quality care for vets at the Grand Rapids Home for Veterans, three Democratic state representatives wanted to see conditions for themselves.

What they saw didn't match what the administration wants the public to believe...

As a quadriplegic veteran who served his country who lives in the Grand Rapids Home for Veterans, he has earned the best quality health care we can provide. But twice in recent months, he was almost dropped by caregivers who didn't know how to use a lift to move him into his wheelchair.

Other veterans who live at the home reported that they had to wait in line for an hour and a half just to get their morning medicine, and some reported a high turnover rate for caregivers and employees who haven't been properly trained for their jobs. According to many of the residents, the problems began in March, when staffing contractor JS2 took over provision of care for more than 140 state workers who were laid off.

But instead of taking action to correct these problems, the leadership of the Grand Rapids Home for Veterans (GRHV) is downplaying the veterans' concerns and trying to keep elected officials from understanding the extent of staffing problems there.

When Democratic House Leader **Tim Greimel** (D-Auburn Hills) and state Reps. **Winnie Brinks** (D-Grand Rapids) and **Brandon Dillon** (D-Grand Rapids) came to the GRHV to speak with residents earlier this month, senior staffers told them they couldn't speak with veterans in their rooms. Additionally, some staff said they feared retaliation if they spoke with elected officials about the quality of care in the home.

"The testimony of the staff and residents clearly demonstrated that concerns with JS2 were continuing, and issues of patient care were serious and persistent," Dillon said. "On top of that, the behavior of senior staff only reinforced these concerns." Concerns about patient care deepened in March, when state workers were laid off and their jobs were privatized. Legislative Republicans argued that privatizing the work would save the state \$4 million, but residents and caregivers alike warn that any savings have come at the expense of patient care.

Worried that veterans weren't receiving the kind of quality care they earned, Greimel, Brinks and Dillon made an unannounced visit to the home on Friday, June 14, 2013. They spoke with four staff members, all of whom asked to remain anonymous because they feared retaliation, and 15 residents, or "members," many of whom also asked to remain anonymous.

Their findings include:

• Comments about care such as:

- "When state workers were here, not everyone was perfect, but at least they knew what they were doing."
- "The care sucks."
- "Good caregivers are now the exception."
- "(JS2 is) hiring caregivers that shouldn't be hired."
- "Management is the problem."
- One veteran said he had to sit in his own feces for 90 minutes because no one came to help him, even though he kept pushing the "help" button.
- Reports from staff members that there are fewer caregivers per veteran than there were when state workers provided care.
- Extreme turnover among caregivers, with one member reporting he'd had 18 caregivers in three months, requiring him to often explain the demands of the job to many of them.

- Members had to wait in line for up to 90 minutes to receive their morning medicine.
 - Staff members are afraid to discuss the quality of care at the home for fear of punishment from their supervisors.
- However, the representatives' inspection was cut short when the assistant director of nursing refused to let them speak privately with veterans. Senior staff took steps to separate the veterans and elected officials, and cited written privacy policies as a justification for kicking the representatives out of the veterans' rooms. Grand Rapids Home for Veterans Director Sara Dunne later admitted that no policies had been violated. Neither Dunne or the assistant director of nursing were able to assure the representatives that patient care concerns were being adequately addressed.

As a result, House Democratic Leader Greimel and Representatives Brinks and Dillon are calling on Gov. Rick Snyder and the Department of Military and Veterans Affairs to open an investigation into the Grand Rapids Home for Veterans.

"The men and women who put their lives on the line to serve our country deserve the absolute best care we can give them," Greimel said. "After hearing so many complaints and concerns from both veterans and staff members, we need to know how privatization has impacted residents at the home and whether their quality of care is being compromised."

They are also calling for the Civil Service Commission to review their April 2 decision to allow privatization at the home. That decision focused only on cost savings and didn't take the quality of care into consideration.

"Our veterans should be assured that they're receiving the best quality of care possible, and that they aren't being shortchanged simply because some legislators want to save a buck." – **Rep. Winnie Brinks**

Battle Creek second Mich. city to delay bond sale since Detroit bankruptcy

By JC Reindl and Greg Gardner Detroit Free Press Business Writers Aug. 06 freep.com

Battle Creek's plans

Battle Creek has postponed a planned \$16-million bond issue despite the city's relatively good credit ratings. The money would go to capital improvements, including:

- New roof and retractable seating for the Kellogg Arena
- New windows in City Hall
- City park upgrades
- Structural evaluation of a police department building

Battle Creek credit is rated AA by Fitch Ratings; AA3 by Moody's Investors Service and AA- by Standard and Poor's. Source: City of Battle Creek Battle Creek postponed a planned \$16-million bond offering, the second Michigan local government to do so in the wake of Detroit's historic bankruptcy that could award bondholders pennies or maybe a couple of dimes for every dollar.

Linda Morrison, Battle Creek's finance director, said today that Detroit's bankruptcy was not the primary factor in the decision to delay. She said the team delayed the offering originally scheduled for Aug. 14 because of uncertain conditions in the bond market.

Battle Creek, known as Cereal City, still hopes to hold the bond sale within a month, Morrison said, with proceeds going for a list of capital-improvement projects including a new roof and retractable seating for the 33-year-old Kellogg Arena and new windows for City Hall. "We're just going to wait for the market to stabilize," she said.

Bond experts say Detroit's bankruptcy has had a chilling effect for Michigan bond issues with investors seeking higher rates than usual to cover extra perceived risk.

At issue is Detroit emergency manager Kevyn Orr's decision to treat Detroit general obligation bondholders the same as all other unsecured creditors. The bondholder community has traditionally considered general obligation bonds as secured debt, even in bankruptcy situations, with the assumption governments can always raise taxes.

But property tax levels in Detroit are already at the state-allowed maximum. And Orr and his team say the bonds are technically unsecured and will be treated like all others in the same category. Matt Fabian, managing director of Municipal Market Advisors, a Concord, Mass. research firm, sees a direct connection between investors' tepid appetite for Michigan local government debt and Orr's view.

"If general obligation bonds in Michigan now have no better claim on revenues than an invoice for a magazine subscription, potential lenders will need a much higher yield to compensate for the risk," Fabian said. "Plus, the governor has shown nothing but contempt for bondholders." Last week Genesee County became the first local government in the state to hold off a large bond issue following Detroit's July 18 bankruptcy filing. The county pulled its planned \$54-million water and sewer bond issue Thursday after investors showed little interest in the deal and, reportedly, sought higher yields than the county wished to pay.

Saginaw County was still scheduled as of early this week to issue \$61 million of general obligations on Thursday. Robert Belleman, Saginaw County's controller, has said any decision to postpone the sale will be solely based on interest rates

Editorial: It's time Gov. Rick Snyder tried transparency himself

By The Detroit Free Press Editorial Board

Jun. 05 freep.com

It's different when it's me. That must be what Gov. Rick Snyder wants Michiganders to believe. He talks a strong game about transparency and being upfront about government business. But when it comes to his own issues, secrecy and dodging are more the norm.

It doesn't fly — and it's getting worse the more we learn about how the governor is doing business. We've known for a while, for instance, that Snyder's New Energy to Reinvent and Diversify Fund (NERD) pays the salary of Rich Baird, the governor's "transformation manager."

Now we find out, in e-mails released Wednesday in connection to a lawsuit challenging Detroit emergency manager Kevyn Orr's appointment, that Baird was Snyder's point man, communicating with Orr a full month before an official decision was made — even before the Detroit financial review team delivered its finding that the city was in a financial emergency.

(Those same e-mails say that Snyder's team initially offered to raise private funds to pay Orr a performance bonus, but Sara Wurfel, Snyder's press secretary, says that provision didn't make it into the final draft.)

Though it's bad form, it's also clear that Snyder was eyeing top talent to fill a position that was surely inevitable. That doesn't cause us much grief. But Baird's involvement links the emergency manager search to the other cloaked issues in the Snyder administration. The sooner the governor can come clean about who's paying for all this, the better.

The NERD Fund pays Baird \$100,000 a year, through his MI Partners LLC (a whose only client is Snyder).

The governor's office says that paying Baird through the nonprofit accommodates the governor's limited staff budget. When asked about the arrangement, Wurfel said that that the terms of Baird's retirement as a partner from PricewaterhouseCoopers "preferences consultancy over employment."

To be clear, Baird isn't the problem. By all , he's an accomplished professional Snyder who trusts. The problem is the setup: Funds contributed by undisclosed donors pay the salary of someone who, in all but name, is a state employee.

Baird doesn't take a state salary, but has an office in the governor's suite. He's been involved with the controversial Educational Achievement Authority, the off-books "skunk works" group and Orr's appointment. He represents Snyder on a handful of state boards, and when the Free Press attempted to reach Baird last month, Wurfel said Baird was in a cabinet meeting.

In fact, we'd be hard-pressed to discern the difference between Baird and a regular Snyder appointee, were it not for the troubling fact that he's paid by NERD, not the state.

So why the secrecy?

As a 501(c)4 nonprofit, NERD isn't required to publicly release its donor list — and Snyder refuses to disclose the fund's donors, saying those contributors were promised anonymity. So NERD's not breaking any rules.

But for Snyder, who has required Michigan cities to embrace transparency and accountability as a condition of receiving state funding, following the letter of the law isn't good enough. NERD's public filings are a masterwork of obfuscation — expenditures are so vaguely described that Baird's contract isn't documented. In fact, few of NERD's expenditures are documented. Baird's \$100,000 contract is a fraction of the \$522,666 in poorly defined expenses NERD reported in 2011. (Its 2012 filing is due in August.)

Which leaves us with a whole lot of “whys”: Why won’t Snyder release the list? Why was donors’ support conditional on anonymity? Why funnel Baird’s pay through NERD? Who’s funding NERD, and what are they buying?

Until Snyder releases more information, don’t expect any answers.

Editorial: Snyder shuts out the public's voice

May. 12 lansingstatejournal.com

There's no disputing Rick Snyder's willingness to lead Michigan. But there is growing concern about how the governor and his fellow Republicans exercise their leadership.

The new right-to-work law has divided Michigan — not only because it enraged organized labor by doing away with union shops but because of the way the reform became law. Republican lawmakers passed RTW in a December lame-duck session and Snyder signed it despite thousands of state Capitol protesters who demonstrated against it.

When teachers and professors unions approved new contracts before RTW took effect, Republican lawmakers unsuccessfully tried to threaten the school districts and universities that struck the deals with reductions in state aid. ...

Given that track record, Snyder's response to the wolf-hunt controversy shouldn't be surprising. The governor signed legislation Wednesday that effectively thwarts a bid by the animal protection group Keep Michigan Wolves Protected to force a referendum that challenges a 2012 law that permits wolf hunting in Michigan. The new law supersedes last year's law. ...

If the petition drive succeeded in letting Michigan voters decide if a ban on wolf hunting is needed, there is a chance it might pass. Petition drive leaders turned in 250,000 signatures to the Secretary of State, hoping to put the ban on the ballot in November 2014.

There is a case to be made that U.P. voters likely to oppose the ban might not prevail. But that doesn't justify quashing the referendum. The public's voice is becoming faint, and that's no way to lead a democracy.

Taxpayers will feel it

If fairness was the only issue the states and the federal government had to consider when deciding whether to charge e-buyers the same sales taxes they pay at brick-and-mortar stores, the answer would be easy: yes. It shouldn't matter whether someone is buying a set of pots and pans in person or online; the tax obligation should be the same. Forget for now arguments against sales taxes, , property taxes, inheritance taxes in general. For the purposes of this discussion, they're here to stay.

But there is a real debate in Washington and Lansing over imposing sales taxes on online purchases. State lawmakers are pushing measures aimed at bringing in the estimated \$460 million in taxes from remote sales that should be going to the state this fiscal year alone. As things stand now, the vast majority of that will go uncollected.

But just about everyone agrees that whatever Michigan does, it won't matter unless Congress acts first. The Michigan Treasury, which supports the state bills, says they won't generate much revenue unless Congress gives states power to compel online retailers to collect state and local taxes for purchases made over the Internet. ...

Republicans who generally demonize any and all new taxes yet support the Internet sales tax effort have apparently convinced themselves this tax somehow doesn't count. ... In fairness, it can be said this isn't really

Fears Starting To Appear On Local Finance Issues In Wake Of Bankruptcy

As officials and the public watch the proceedings in the Detroit bankruptcy move ahead, new issues are arising affecting public finance in the state, leading at least one national firm to say investors should take care when dealing with municipal issues from Michigan.

A spokesperson for the Department of Treasury acknowledged that there was nervousness expressed by some investors on bonds issued by local governments. But Michigan and its communities continue to be a good investment, Terry Stanton said.

The Detroit bankruptcy should have no effect on other issuances by the state or other Michigan cities, Mr. Stanton said.

His comments came on the sudden decision on Thursday by Genesee County officials to delay the sale of more than \$54 million in bonds.

Moody's Investors Services announced it was downgrading the bond rating for Wayne County, the state's largest county and home of Detroit.

On Friday, Standard and Poor's announced a rating for Michigan Finance Authority notes to help cover state aid payments to the Detroit Public Schools. While the district could face a huge drop in enrollment and its overall finances are weak, the state should not see significant delays in state aid payments during the 2013-14 fiscal year, the Wall Street rating agency said.

Some bond experts also said the Detroit bankruptcy was beginning to have some effect on bond sales for communities in the rest of the state.

Specifically in terms of the bankruptcy, however, S&P put out a statement on Friday saying it did not think the Detroit filing would not set a trend of other cities seeking bankruptcy protection.

Detroit, which S&P had downgraded seven times since 1999, was a specific issue and its filing reflected its inability to make significant headway in its finances, the agency said.

S&P acknowledged that municipal defaults and bankruptcies have increased in the last several years, but said its review holds to the expectation that nationally municipal finances are generally stable.

Mr. Stanton said the Detroit filing was a unique situation and the bankruptcy filing was the last viable option for Michigan's largest city.

The Genesee County decision caught many people by surprise. The bonds were to be tied to water-system revenues and backed by a limited tax, to help build water supplies from Lake Huron. Now the county gets much of its water through the Flint system, which in turn gets water from the Detroit Water and Sewerage Department.

It would have been the largest bond issuance since the bankruptcy. Flint, like Detroit, is under emergency management, and Genesee County has one of the highest percentages of residents living in poverty in the state.

Thus far county officials have not said why they held off on the sale.

In the meantime, Moody's said it was downgrading Wayne County's bond rating to Baa3, close to junk status. The county has \$726 million in general obligation debt. The rating agency raised worries about a depreciating tax base in the county.

But Mr. Stanton said only two communities out of the hundreds in the state were not considered investment grade by the rating agencies.

All communities are rated separately, and a number have the top ratings from all the agencies, which includes Fitch along with S&P and Moody's. Oakland County, next to Wayne and the state's second largest county, has a triple A rating, for example.

Saginaw County is still scheduled at this point to go ahead with a \$61 million general obligation debt next week. The sale, rated Aa3 by Moody's, the fourth highest rating by the agency, will help finance pensions.

Mr. Stanton said, "Michigan and its local communities will continue to be sound, smart investments."

Gongwer, 8-2-13

Editorial: How the GOP just hurt everybody in Michigan

Detroit Free Press Editorial Board Filed Under Opinion Editorials freep.com

Correction: The original version of this editorial erroneously said the Michigan House of Representatives failed to give immediate effect to Medicaid expansion. The House granted immediate effect; it was the Senate that did not.

Self-satisfaction and contempt.

Those curious emotions beamed from the Michigan Legislature on Tuesday, as the Senate refused to give immediate effect to Medicaid expansion.

Senate Majority Leader Randy Richardville was even agitated by the expectation that lawmakers might do more.

“It’s like we had this really big dinner,” Richardville said. “We got the dinner done and people are going to ask for dessert. We’re going to skip dessert on this one.”

Right. Because 470,000 Michiganders can just wait three months into 2014 to get . And the \$7 million Michigan will forgo every day in federal funding for that 90 days? Whatever.

Michigan’s current crop of state lawmakers have indulged a large passel of wrongheaded policymaking since 2010. But none could be crueler or more foolish than the refusal to expand Medicaid as soon as possible.

This isn’t legislative pablum or other triviality. It’s about people’s lives, and significant reform that will help preserve those lives.

It would be different if immediate effect, which would have allowed new Medicaid recipients to get coverage in January, were anomalous. But the Republican majority has gorged on immediate effect more than 500 times in the last few years to enact a wide range of laws. (What was the rush, for instance, behind the repeal of the state’s motorcycle helmet law?) The GOP majority has even taken to “quick gaveling” immediate effect votes, to avoid actually counting to see that the required two-thirds of each chamber is voting in favor.

It also would be different if there were logic to back the Medicaid delay. But 470,000 uninsured Michiganders will suffer needlessly while we wait for the law to take effect. It won’t save the state money, but will cost us — in the lack of federal funding to subsidize Medicaid expansion and in the continued burden of uncompensated care in the state.

The bill for uninsured patients in Michigan hospitals was \$2.3 billion in 2011, according to the Center for Health Care Research and Transformation.

It gets worse: The enrollment period for new consumers begins in October of this year and ends in March 2014, just shy of the April date when the Medicaid expansion will take effect. And while the Michigan Consumers for Healthcare, a broad coalition of health care nonprofits, will help Michiganders navigate the acquisition of insurance (for some folks, this will be the first time they’ve selected or purchased care), the delay causes uncertainty.

The state will lose an average of \$7 million a day in federal money — \$630 million if delayed until April — designed to get newly eligible Michiganders enrolled in Medicaid, and folks without insurance may face the Act’s penalty, which in 2014 amounts to \$95 a month for an individual and as much as \$285 a month for a family

So who loses here? Taxpayers. People with insurance. Potential new Medicaid recipients. And just

about anyone with good sense.

The best thing Michigan residents can do? Remember.

Elections are little more than a year away.

Nine people named to Detroit bankruptcy committee

Thu, Aug 22 detroitnews.com

Detroit— Nine people, including several union leaders, were appointed Thursday to a committee that will represent more than 23,500 former municipal workers during Detroit’s historic bankruptcy case. The appointments, revealed in a court filing, come two days after U.S. Trustee Daniel McDermott interviewed retiree applicants at U.S. District Court.

About 90 people applied to serve on the retiree committee, which is expected to fight to preserve vested pension benefits targeted for cuts during the city's Chapter 9 bankruptcy case. The members are (hometowns and backgrounds for all appointees were not immediately available):

■ Edward L. McNeil, Detroit, Michigan, Retiree

Sub-Chapter 98 of the American Federation of State, County and Municipal Employees, AFL-CIO

■ Michael J. Karwoski, an attorney from Harrison Township who retired from the city law department last year.

During an earlier bankruptcy hearing, he pushed for diversity on the retiree committee.

“There should be a distinction between retirees who are drawing a pension and former employees and current employees who have vested interest in future benefits,” Karwoski said.

■ Shirley V. Lightsey, a Southfield resident and president of the Detroit Retired City Employees Association.

Lightsey said she’s ready to speak for retirees.

“They have to have a voice at the table,” said Lightsey, a retired personnel manager from the Detroit Water and Sewerage Department.

Lightsey on Wednesday said the volunteer group was formed in 1960 to advocate for retirees and resolve their problems and concerns.

“We like to think of ourselves as the arm that helps our retirees,” said Lightsey, whose late father was a retired city bus driver in Detroit. “We are upset because of the pensions we feel that we earned and because of the medical they just seem to want to take away.”

The retiree associations contend that the pension benefits should not be impaired in the bankruptcy.

“Yes, the city is in trouble, but there are other things that have not been discussed or mentioned,” Lightsey said. “Why are you just sticking to pensions?”

Nine people named to Detroit bankruptcy committee | The Detroit News

Lightsey contends Orr and his team are here “to make a statement and bring Detroit into bankruptcy.”

“As far as I'm concerned, the American dream is gone. You’ve got states, you’ve got mayors and governors waiting to see what happens to Detroit,” she said. “In the meantime, the working people who think they have pensions throughout the country will no longer have that guarantee. In Detroit, you are going to see us either go down or stop it.”

■ Terri Renshaw, an Onsted resident and former deputy corporation counsel for the Detroit law department.

■ Robert A. Shinske, a Dearborn resident and treasurer of the International Association of Fire Fighters, Local 344. He is a 27-year veteran of the fire department.

The union said Shinske is well-suited to the committee and crediting him with helping negotiate a tentative agreement last year that was never implemented but would have saved the city about \$30 million.

“He has an in-depth understanding of the issues at work in regards to the city’s finances,” the union said in a post on its Facebook page.

Shinske remains on active duty while no longer accruing pension benefits, the union said.

“This makes him an ideal representative on the committee, since he has first-hand knowledge of the complex set of issues impacting both active and retired members,” the union said.

■ Donald Taylor, president of the Retired Detroit Police & Fire Fighters Association

■ Gail Wilson Turner

■ Gail M. Wilson

■ Wendy Fields-Jacobs, International Union, UAW

The committee can hire lawyers and accountants to work on retirees’ behalf, McDermott said. The bills will be paid by the city.

Emergency Manager Kevyn Orr and U.S. Bankruptcy Judge Steven Rhodes want to create the committee so retired workers who are not represented by unions can have a voice during the bankruptcy.

Orr has said he wants to pare an estimated \$3.5 billion in pension debt — a figure the city’s pension funds dispute as overinflated by at least \$2 billion.

The emergency manager contends federal bankruptcy laws empowering insolvent municipalities to cut debts override the constitutional protection of contractual pension obligations.

Orr has not proposed specific cuts for pensions, but he wants to lump the unfunded liability in with \$11.5 billion in unsecured debts and pay those creditors a \$2 billion settlement — about 17 cents for each dollar owed.

Editorial roundup: Low wages holding back economy

Written by MCT

Aug. 28 lansingstatejournal.com

Do you feel like you're working harder than ever, but your pay isn't keeping up? That's probably because you are — and it's not. A new study by the Economic Policy Institute shows that while the productivity of the average American worker increased nearly 75 percent between 1979 and 2012, his real income during that period grew only 5 percent.

A Wall Street Journal analysis cited three reasons for wages' stagnation beyond the recession:

- Economic growth, at less than 2 percent for three straight quarters, is too low. Before the recession, it averaged 3.5 percent.
- Businesses are managing payrolls differently. Many firms that laid off workers rather than cut wages during the recession are coping now by cutting wages.
- Globalization continues to put pressure on wages. The Boston Consulting Group predicts that by 2015, some industries will see only a 10 between wages in the United States and in China.

Long periods of wage stagnation are a recipe for trouble. That's not an appeal for class warfare. It's an acknowledgment that current economic trends aren't good for this country. It's time to turn that trend around. This country's consumer-based economy won't thrive again until workers can afford to spend more of their on goods and services.

Snyder: Detroit arena/entertainment project expected to create 4,380 construction jobs and help revitalize city

Wednesday, July 24, 2013

[Mike Shore](#)

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LANSING, Mich. – Gov. Rick Snyder today announced key Michigan Strategic Fund actions to support construction of a new Detroit events center and entertainment district, a project expected to create 4,380 construction jobs and help revitalize the city.

“This new entertainment district will be much more than a new arena for the Detroit Red Wings. This is a project that will help revitalize Detroit,” Snyder said. “This project creates another major destination point for residents and visitors alike that builds on prior investments along Woodward from Comerica Park and Ford Field to the new Whole Foods in Mid-Town. The Ilitch family organization is making an enormous investment in the city and state bond financing makes this project a true public-private partnership.”

Last month, Olympia Development of Michigan, an Ilitch-owned company, signed a memorandum of understanding with the Detroit Downtown Development Authority and Wayne County that provides a framework for the private and public financing of the Catalyst Development Project in the city.

The MSF approved the Catalyst Development Project for the Detroit Downtown Development Authority and Olympia Development of Michigan, LLC, and an inducement resolution for issuance of \$450 million in private activity bonds to finance construction.

Plans for the new entertainment and commercial district call for a multipurpose events center that will be the home of the Detroit Red Wings. Construction of the arena is expected to create an estimated 2,900 direct construction jobs. With the related commercial and entertainment venues, the total direct construction jobs created by the project are estimated at 4,380. The project agreement requires at least half of [the jobs](#) created to be filled by Detroit residents.

The project includes acquisition of land, construction of the events center, the acquisition and installation of furnishings and equipment, and further development of the surrounding district.

The investment for the project is estimated at \$650 million.

Olympia Development is expected to fund 56 percent of the project investment with public sources contributing 44 percent. Over the past decade, private funding has averaged 25 percent for comparable projects for major league sports facilities across the nation, according to Olympia Development testimony presented to the MSF.

“This project is appropriately named as it will have a catalytic effect on the city thanks to added commercial and residential offerings along with the arena and entertainment venue,” said Michael Finney, MSF Chair and president and chief executive officer of the Michigan Economic Development Corp. “This vital community development will provide thousands of jobs for city residents during construction and new fulltime jobs when the facilities are completed.”

Pure Michigan is a brand on the rise, representing business, talent and tourism initiatives across Michigan. These efforts are driven by the Michigan Economic Development Corporation, which serves as the state’s [marketing](#) arm and lead advocate for business growth, jobs and opportunity with a focus on helping grow Michigan’s economy.

For more on the MEDC and its initiatives, visit: MichiganAdvantage.org. For [Michigan travel](#) news, updates and information, visit michigan.org.

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<http://www.michiganbusiness.org/press-releases/snyder--detroit-arena/entertainment-project-expected-to-create-4,380-construction-jobs-and-help-revitalize-city/>

Snyder Open To Electoral College Change

[Governor Rick Snyder](#) signaled he was willing to consider a major change in how Michigan awards its electoral votes in presidential elections by dropping the winner-take-all system for one based on the winner of each of the state's congressional districts.

Mr. Snyder told The Associated Press [for a story](#) looking at Republican efforts to drop the winner-take-all system in states that have reliably gone for the Democratic presidential nominee in recent elections that he "could go either way."

"It could be done in a thoughtful (way) over the next couple years and people can have a thoughtful discussion," Mr. Snyder said.

And recently, Republican National Committee Chair Reince Preibus told the Wisconsin State Journal of the idea, "It's something that a lot of states that have been consistently blue that are fully controlled red ought to be looking at."

Michigan has gone to the Democratic candidate in the last six presidential elections. Prior to 1992, the Republican nominee had won Michigan the previous five contests.



[Governor Rick Snyder](#) called for a thoughtful discussion on the electoral vote issue.

At this point, spokespersons for the Republican majorities in the Michigan House and Senate did not indicate it is a priority item, but neither did they dismiss it.

"It is not something that has come up in our caucus," said Amber McCann, Senate Republican spokesperson.

House [Speaker Jase Bolger](#) (R-Marshall) is "interested in having it fully vetted in committee," said Bolger spokesperson Ari Adler.

[Rep. Pete Lund](#) (R-Shelby Township) introduced a similar bill last term that went nowhere. At this point, Mr. Lund said he has not had any contact with national Republicans, who have urged state governments under total Republican control in recently reliably Democratic presidential states to move on the issue before 2014 while they still have power.

"It's got a long way to go," he said.

Democrats are furious at the idea. For the 2016 and 2020 presidential elections, Michigan would award 14 of its 16 electoral votes according to the U.S. House district lines drawn by Republicans in 2011 to favor Republican candidates. According to an analysis by Daily Kos, in 2012, Republican Mitt Romney would have won nine of the districts and President Barack Obama the other five, so Mr. Romney would have pulled nine electoral votes to seven for Mr. Obama, who won the state by 9.5 percentage points.

Asked how such a scenario would be fair, Mr. Lund said: "I think that it takes the votes closer to the way things really are. Nobody wins the state with 100 percent of the votes. I think this just makes it a little bit closer to the reality of the percentage."

As to Democratic complaints, Mr. Lund scoffed.

"Oh, whatever," he said. "Mark Brewer, whoever, can say whatever they want. They always do. I'm not worried about that."

But Mr. Lund had something of a similar message when asked about Mr. Preibus' comments.

"Reince can say that all he wants, but it's up to the individual states to decide and we'll decide it on our own, not based on what any national party wants," he said.

Gongwer, 1-18-13

Flanagan: With More Deficit Districts, Superintendent Needs More Authority

Though it is expected to be a blip, the state has hit at least a recent record on the number of districts in deficit, and Superintendent of Public Instruction Mike Flanagan told a joint meeting of Appropriations subcommittees that his office needs more authority to deal with some of the longer-term problems.

Mr. Flanagan also urged the Legislature to consider changing the state to county-wide school districts, which was thrown back at him as a challenge to develop such a plan.

The discussions came as part of Mr. Flanagan's third quarterly report to the House and Senate Appropriations subcommittees on the School Aid Fund budget on deficit districts. He said there are currently 55 districts in deficit, but he said 10 of those were expected to resolve their deficits in the budget they must approve by the end of the month.

Governor Rick Snyder, at a separate event Thursday, said the number of deficit districts "just reinforces the need to increase the amount of dialogue and discussion we're having with local school districts." Mr. Snyder said districts also need to plan two to three years ahead when it comes to enrollment levels.



Superintendent
of Public
Instruction
Mike Flanagan

Local school management also is a concern in some spots, Mr. Snyder said.

"We've got some outstanding school boards," he said. "We have others that are somewhat challenged in terms of either how they're managing their district or the ability to fully understand the financial implications of arrangements they've gotten into."

Given that there are more than 800 school districts in the state, including charter schools, those districts should largely be left on their own to develop and implement budgets, Mr. Flanagan said.

"We've got confidence local school boards overall are making the right decisions," he said.

But he said there are some instances where the state needed to be able to step in, maybe beyond the appointment of an emergency manager to simply dissolving the district.

"I know in some cases that would be the best for the kids and maybe for the districts," he said. "I think we need to get over the idea of dissolving a small district or even any district."

He pointed particularly to Buena Vista Schools, not just because of its recent financial troubles (it has requested a financial review that could lead to appointment of an emergency manager) but because those troubles came in large part because it has lost population. The district is currently at about 400 students and is projecting losses from there.

And he noted after the meeting there are some intermediate school districts with only 3,000 students, meaning their constituent districts are smaller yet.

He said, during the meeting and to reporters after, that such consolidations would have to be made carefully. Many have suggested, for instance, that Buena Vista be merged with neighboring Saginaw Public Schools. But he said after the meeting such a merger would not be a simple process. "There are rivalries with Saginaw that would be exacerbated (if the districts merged)," he said.

Mr. Flanagan said he had not taken a position on legislation in the House (HB 4813 and HB 4815) that would grant him that authority because he had not yet read the legislation and understood it was still in development.

The bills will get a first hearing at a joint meeting of the House and Senate Education committees next week. [Sen. Phil Pavlov](#) (R-St. Clair), chair of the Senate Education Committee, told Gongwer News Service the goal was to move quickly on at least parts of the legislation.

"I don't know that we're going to be able to give them everything they're asking for right away," Mr. Pavlov said. "At the very least we can address the issues of Inkster and Buena Vista."

He said both of those districts had shown that, over the long term, they will not be able to remain viable.

"The departments of Education and Treasury have been working for a while for solutions to districts like Buena Vista and Inkster that are no longer financial viable or sustainable and figure out a pathway to getting those kids to new learning environments," Mr. Pavlov said.

The bills, he said, would allow the state to intervene in such districts earlier than it can now, in part by improving reporting requirements, but also better ensuring that when districts submit deficit elimination plans, they follow through with them.

Mr. Flanagan told the Appropriations subcommittees that his preference would be to change to county-wide districts. The shift, he said, would ease some of the wild population shifts that some districts have seen.

[Sen. John Pappageorge](#) (R-Troy) urged him to come back to the Legislature with a plan.

"You guys are the smartest guys in town," Mr. Pappageorge said. "Why don't you give us a county system to look at. ... Just do it and give us a shot at trying to help you."

And [Rep. Terry Brown](#) (D-Pigeon) said the current list of deficit districts shows the state does not have a problem with small districts. "Look at the deficit districts, very few of those are the small schools," he said.

Instead, Mr. Brown questioned whether duplication was more of a driver of financial problems.

And Mr. Pappageorge indicated skepticism that the plan would work across the state.

"Oakland County has a population greater than 11 states and a GDP greater than 17 states," he said. "It's not going to work there."

Mr. Flanagan quipped after the meeting, "If Oakland County's too big, we should make them a state."

Mr. Flanagan also rejected the assertion by [Sen. Bruce Caswell](#) (R-Hillsdale) that there should be an investigation, beyond the financial review, into Buena Vista's actions.

The district lost funding this school year in part because the Department of Education had to attach some of its school aid funds to recapture payments it made toward a program for incarcerated youth that had moved to a charter school.

"So in this particular case we seem to have some factually impaired people," Mr. Caswell said, questioning how the department was allowed to collect payments for students no longer in its district.

Dan Hanrahan, director of the Office of State Aid and School Finance, said the district was paid not for the students, but for the program itself through a categorical. The funds, he said, were automatically renewed unless the district notified the state the program had been canceled, which it did not.

Mr. Caswell argued the state or the intermediate school district, which audits pupil counts, should have known the students were not there, but he also questioned whether there should be a fraud investigation regarding the district not telling the state it did not have the program.

Mr. Flanagan said after the meeting that he had seen no evidence of fraud.

"I don't think it was fraud, but I don't like the idea that they're not responsible for it," he said of local district officials.

And Mr. Flanagan said in some part the state needs to be sure it is providing enough funding to school districts, particularly with new standards they are being expected to adopt.

That, apparently, was not an area Mr. Pappageorge was ready to cede to the department as experts.

"There's just so much fuzz in this thing it's frustrating," he said of the Common Core State Standards that have been adopted by the State Board of Education but blocked from implementation in the most recent budget. "We're just being too fuzzy on a very important issue."

"It's not fuzzy. We've had the Common Core in place for three years," Mr. Flanagan countered before Mr. Pappageorge cut him off, urging him to keep discussion to the county-wide district plan during the meeting and address the Common Core "offline".

Gongwer, 6-6-13

CSR: Input Impacted Changes to MPSERS Retiree Health Care

On July 11, the Michigan Public School Employees Retirement System Board (MPSERS) finalized changes to retiree health care. These changes were initially proposed at a June 5 meeting. The Coalition for Secure Retirement participated in a subsequent Health Initiative Review Committee (HIRC), provided written testimony regarding concerns, and addressed the MPSERS Board regarding these proposed changes. CSR was pleased to see some modification in them, although not every proposed change was adopted.

MPSERS' Health Committee had recommended three approaches to address the projected \$56.3 M cost gap by 2015: cost avoidance, cost reduction and cost sharing. The stated goals were to spread the gap amongst all members and schools to minimize the impact on any one member, avoid penalizing the sicker members, and provide choices for retirees seeking to avoid additional cost sharing. Now that retirees have to pay 20% of their MPSERS premiums, keeping costs down can be an advantage to many retirees as well.

The **cost avoidance approach** will be addressed by Living Well incentives. The current Living Well program requires non-Medicare members to complete a survey to get a reduced deductible. The adopted Living Well program will also require members to designate a Primary Care Physician and have a (newly) reimbursable wellness physical in either the last quarter of the current year or the first quarter of the next year. The Primary Care Physician is what once was called a "general practitioner"—i.e., the retiree's main doctor, not one of the specialists he or she might see. The Primary Care Physician does **not** have the role of pre-approving specialists, as may occur in the HMO model.

The proposed **cost sharing** would increase medical deductibles and prescription drug copayments. The current medical deductible for FY 2013 is \$500. However it will increase to \$650 in FY 2014 and \$850 in FY 2015, with opportunities to reduce these costs by taking certain actions. See chart from Gabriel Roeder Smith & Company below for more details:

Medical Plan	2013	2014	2015
Medical Deductible	\$500	\$650	\$850
Alternative Health Plans Medical Deductible	\$0-\$300	Variable but lower	Variable but lower
Living Well Program	\$100	\$100	\$200
Living Well Program + Medical Home designed PCP*	N/A	\$50	\$50

*In 2014, all Medicare members will be in this category

The original proposed increase in the medical deductible for 2015 would have set it at \$900, but the Coalition for a Secure Retirement (CSR) and many of its member organizations objected to such a high increase, and the MPSERS Board reduced the cap to \$850. Retirees should note that there are alternative plans available with lower deductibles, and if affordability is a major issue, should contact the Office of Retirement Services and review whether these alternatives are appropriate for your needs.

CSR was also very concerned about the original proposal which required the wellness physical to take place between January and March for it to qualify for the reduction in the deductible. CSR felt that this timing was not appropriate for “snowbirds” and was inconsistent with the goal of encouraging retirees to have a single Primary Care Physician as their “Medical Home”. As a compromise, the Board will allow a 6-month window for the physical, the last quarter of 2013 and the first quarter of 2014. The MPSERS Board urged their staff to see if such flexibility could be extended to future years.

The prescription drug plan, which is a cost-sharing program, will still maintain annual out of pocket maximums at \$1000 for each of the next two years. Minimums and maximums for each prescription are currently at \$7/\$36 for FY 2013 but will rise to \$10/\$40 in 2014 and remain at that level for 2015. See chart from Gabriel Roeder Smith & Company below for more details.

Prescription Drug Plan	2013	2014	2015
Retail min/max	\$7/\$36	\$10/\$40	\$10/\$40
Retail 90 & Mail Order min/max	\$17.50/\$90	\$25/\$100	\$25/\$100
Out-of-pocket maximum	\$1,000*	\$1,000	\$1,000

*With a \$100 discount if the retiree completed the Living Well health assessment survey

Cost reduction will be accomplished by making it more expensive for retirees to use dentists who are not PPO network providers and by encouraging more dentists to become PPO network providers. The Delta Dental plan covering MPSERS retirees already has a PPO, but a majority of retirees have not moved to it. In other words, starting next year, a retiree whose dentist is not in the Delta Dental PPO will pay more. Finding PPO dentists is very easy in some parts of the state, such as southeast Michigan, but more challenging in rural areas. One bit of good news: the dental maximum annual payment will increase from the current \$1000 to \$1100 in 2014.

August 20, 2013