STATE OF MICHIGAN
Washington Report

November 29, 1999
Volume 106 No. 19
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What's Happening in Washington?

CONGRESS HEADS HOME AFTER OMNIBUS WRAP UP

Last week, the 106th Congress recessed for the year upon completion of its first session. The House adopted the $385 billion omnibus spending and policy bill (HR 3194) with a 296-135 margin and a majority of both parties voting for the bill. The Senate voted in favor of the package, 74-24. The fiscal 2000 omnibus is smaller than last year's bill, but still contains five unsigned fiscal 2000 spending bills, a $7 billion package of offsets including a 0.38 percent across-the-board cut in all discretionary spending, and various other bills.

Following is a brief wrap-up of selected legislation in the bill that impacts Michigan.

Social Services Block Grant

Despite lobbying efforts by Governors, the omnibus cut funding for the Social Services Block Grant (SSBG) to $1.775 billion, a 7 percent decrease from last year's $1.9 billion. Of that, $425 million is unavailable until September of next year. The bill did restore the amount of funds available for states to transfer from Temporary Assistance for Needy Families (TANF) to SSBG to 10%.

Welfare-to-Work Program

Several eligibility changes for the Welfare-to-Work program were incorporated into the budget agreement. For the most part, these changes are consistent with the National Governors' Association policy and similar to the Fathers Count Act (H.R. 3073) passed by the House in early November. These changes will not become effective however until October of 2000 due to a problem with the offset used to pay for the changes.

Child Support Penalties

The bill created an alternative penalty for states that did not meet the deadline for creating a child support State Disbursement Unit (SDU). Current law dictates that states face the "nuclear penalty" of losing all federal TANF funds and federal child support funds. The new alternative penalty is a small, gradually increasing financial penalty based on the federal administrative reimbursement for child support endorsement.

Ticket to Work and Work Incentives Improvement Act

Congress approved the conference report for the Ticket to Work and Work Incentives Improvement Act (H.R. 1180) which would allow disabled individuals to receive vocational rehabilitation, return to the workforce

What's Inside:

- *Michigan Achieves Split-State Status for Bovine TB*
- *Governor Aims Charter School Proposal for At-Risk Kids*

and continue to get affordable health coverage through Medicare. Presently, low-income disabled individuals receive health coverage through Medicare or Medicaid. When these individuals return to work, their earnings and work status disqualify them for government health insurance. States would also have the option of allowing beneficiaries to buy-in to the Medicaid program, with a sliding scale subsidy, and to operate demonstration projects to provide Medicaid coverage to individuals who are not currently disabled, but due to degenerative diseases or other factors, will become disabled in the near future.

Mandate Relief Bill

The omnibus also provided for a partial fix to the Unfunded Mandates Reform Act by expanding the current unfunded mandates law to incorporate reporting requirements by the Congressional Budget Office on mandatory and entitlement legislation. The bill will require any congressional committee report, in the case of a cap or decrease in mandatory or entitlement funding, to include a statement of how the committee intends states to implement the cap/decrease and to what extent the provision provides additional flexibility to the state, if any, to offset the cap/decrease. CBO will also be required to provide additional information on whether and how states can offset the reduction under current law or whether the resulting savings would offset the cap/decrease in federal funding.

State Prison Construction Grants

The bill restores $462.5 million for the Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) state prison grant program that had been proposed for elimination by the Administration.

Byrne Grant Funding

Congress provided $552 million, equivalent to FY 99 funding, for the Edward Byrne Memorial Grant Program. The program funds multi-jurisdictional law enforcement narcotic teams; D.A.R.E. and related school programs; community policing programs in high drug and crime areas; and special drug courts. This action restored the $105 million reduction proposed by the Administration.

Juvenile Justice

The Juvenile Accountability Incentive Block Grant (JAIBIG) was awarded $250 million, the same as the program was funded in FY99. The block grant funds state and local governments for several programs including: the building and renovating juvenile correction facilities; developing and administering accountability-based sanctions for juvenile offenders; hiring additional juvenile judges, court-appointed defenders and probation officers; and enabling prosecutors to address drug, gang and youth violence problems more effectively.

Invasive Species

The omnibus increased funding for the federal sea lamprey control program by an additional $1 million for the treatment of sea lamprey in the St. Mary's River.

In addition to the omnibus package, other year-end action by Congress that will affect states includes:

Wastewater State Revolving Loan Fund

Congress provided $ 2.17 billion for the capitalization of the wastewater and drinking water state revolving funds (SRF) for critical infrastructure construction. This action restored the $550 million reduction to the Clean Water SRF proposed by the Administration.

Transportation

Congress fulfilled its commitment to the preservation of high levels of funding under TEA 21. The chart on page 3 details the amounts Michigan will receive in each category. The total amount received, $883,804,000, represents an increase of $368,106,000 for this year.

Transit

Michigan had two goals entering the transit funding fight: preserve the TEA 21 earmark of $13.5 million with no new strings attached; and pursue an additional list of earmarks for individual systems totaling $17 million. The resulting outcome gave Michigan a statewide earmark of $22.5 million with no specific earmarking, $3.96 million for the Detroit Transfer facility, $287,000 to the Detroit EZ ride, $250,000 for Menominee bus replacements and $500,000 for the Port Huron CNG fuel facility. MDOT is currently formulating a fair plan for spending the state allocation in order to keep the transit agencies working with the state.

MDOT would like to thank all members of the Michigan Delegation whose hard work

made this funding possible.

High Speed Rail

Michigan received $3 million for the positive train control for the Detroit Chicago corridor, which should finish funding the current phase of that project.

Coast Guard

Michigan had success with all of its three key issues in Coast Guard funding. The state received $13 million to fund the replacement of the Mackinaw icebreaker, a remarkably high level of funding as the Coast Guard is experiencing budget cuts. This $13 million ensures that there will be a replacement for the icebreaker in the next several years.

APPORTIONMENT PROGRAM	FY 2000
Interstate Maintenance	$140, 358,000
National Highway System	$170,044, 000
Surface Transportation Program	$237, 070,000
BridgeReplacement &Rehabilitation	$107, 864,000
Congestion Mitigation & Air Quality	$37,248,000
Recreational Trails	$1,346,000
Metropolitan Planning	$6,625,000
High Priority Projects	$56,205,000
Minimum Guarantee	$102,461,000
Total Received for FY 2000	$883,804,000
Obligational Limitation	$792,173,805

TEA 21 Funding: What Michigan Will Receive

Also under the bill, the St. Claire Lake Coast Guard Station will receive an additional $100,000 to coordinate operations on the Detroit River, a small but necessary expansion of their duties. Finally, the bill provides continued funding for the helicopter station at Muskegon and new funds for another helicopter in Glenview, IL, which should allow the Muskegon station to keep its helicopter for use within the state.

State Adjutant General Thanks Delegation

In a recent letter, Adjutant General of Michigan E. Gordon Stump thanked delegation members for their diligent efforts in securing a stronger commitment from the Department of Defense in the FY00 budget. Last year, the Michigan National Guard had requested support from Michigan's delegation in three areas: full-time manning, military construction and National Guard missioning.

As a result of their efforts, full-time manning levels will be increased in the Army National Guard to 425 Army Guard Reservists (AGR's) and 1,035 Technicians. Although this is not the level of increase requested by the National Guard, language in the FY00 Defense Authorization specified that Congress expects the FY01 budget to authorize and fully fund the 23,500 AGR's and 25,500 Technicians that were requested. In Michigan, these increases will improve unit readiness levels and provide $8 million to the state for employee salaries.

Stump also thanked the delegation for its work in securing an increase in the military construction budget from $37 million to $408 million. Michigan's share of the increase, $13.4 million, will replace the Air to Ground Range Tower Complex at Camp Grayling and the Fire Crash Rescue Station at Selfridge Air National Guard Base. Finally, the Army National Guard is now well on its way to receiving missions for six of eight combat Divisions in Total Army Analysis 2007 (TAA07). Upon completion of TAA07, the future of the six missioned Divisions will be greatly improved, with greater support for resourcing and modernizing the Divisions as a result of the new missions. This action will both enable the deployment of divisonal and non-divisional National Guard soldiers to operations around the world as well as result in the stoppage of additional reductions in National Guard endstrength.

What's Happening in Michigan?

State Fights Aquatic Nuisance Species

Governor Engler announced the release of a new guidebook to educate local, county and state government officials about problems and solutions relating to the on-going invasion and spread of aquatic nuisance species. The pamphlet, the *Aquatic Nuisance Species Handbook for Government Officials*, was developed pursuant to Michigan's Comprehensive State Management Plan targeting non-native species such as the zebra mussel, Eurasian milfoil, purple loosestrife and round goby.

An aquatic nuisance species is a waterborne, non-native organism that threatens the diversity or abundance of native species, the ecological stability of impacted waters, or threatens a commercial, agricultural, aquacultural or recreational activity. When a species is introduced into an environment in which there are no natural controls, such as pathogens or parasites, it has the ability to reproduce near or at its exponential growth rate. An established species of this kind can disrupt species relationships and outcompete, prey upon or cause disease in native species and in turn cause ecological, economic, societal and public health impacts that threaten the value of the region's water resources.

The booklet identifies aquatic nuisance species, their current distribution and illustrates effective techniques for boaters and fishers to help prevent and control the spread into other lakes and rivers. Copies of the book can be obtained from the Office of the Great Lakes or on their website www.deg.state.mi.us/olg/an.pdf

$11.4 Million for CMI Recreation Grants

Governor Engler signed legislation appropriating $11.4 million in recreation grants to local communities across Michigan. The grants, part of the $675 million Clean Michigan Initiative bond proposal, are the first stage in an expected $50 million program to provide grants to local units of government for the development and renovation of public outdoor and indoor recreation facilities.

Grants were evaluated by the Department of Natural Resources Grant Section, and projects range from park improvements such as new picnic grills and restroom buildings to boat launches and the construction of soccer and softball fields. Applicants were evaluated using three major criteria: need for the project, capability of the applicant to manage the grant, and site and project quality. A total of 59 projects will be funded and the maximum grant allowable is $750,000; local communities are required to provide at least 25 percent of the project's cost as a match.

"These grants will help local communities enhance their recreation programs and provide more opportunities for family involvement and participation."

-Governor Engler

The CMI Recreation Bond Fund legislation allocates the $50 million as follows: 3.6% for the Upper Peninsula; 14.4% for the Northern Lower Peninsula, 72% for the Southern Lower Peninsula, and 10% for regional parks

Michigan Achieves Split-State Status for Bovine TB

The U.S. Department of Agriculture (USDA) has issued an interim rule, splitting Michigan into disease control zones that will further define the state's efforts to eradicate bovine tuberculosis. Essentially, the ruling recognizes Michigan as having most of its land Accredited TB-free, and only the already quarantined area of northeastern Michigan being recognized as having bovine TB. Eight cattle on three different farms in the Northeast region have been identified as TB-positive. All herds with infected animals have been depopulated and the land either disinfected of idled for a year to kill bacterial organisms.

The ruling is significant because it allows Michigan farmers to freely move cattle unless another state has enacted a restriction. It also allows the state to focus financial and human resources in the northeast corner of

the Lower Peninsula where the disease does exist. The decision by the USDA to designate Michigan with split-state status is unprecedented. The interim zonal rule is available on the USDA web site at http://www.aphi.usda.gov/ppd/rad/webrepor.html or through the Michigan Department of Agriculture.

Bovine TB is a slow-growing, bacterial disease that usually infects the upper respiratory system. The disease is most commonly spread from infected animals to susceptible animals in confined or crowded environmental conditions. Michigan's current struggle with bovine TB began in 1995 when a hunter discovered lesions on the lungs of a white-tailed deer. Normally a disease of cattle, bovine TB appears to be established, although not particularly common, in the wild deer herd in Northeast Michigan. It is the only known case in North America where bovine TB has established itself in wild deer; scientists believe the disease has maintained itself in the wild deer in that area because of unique conditions existing there including the prevalence of deer feeding, abnormally high deer populations and deer congestion at feeding sites. To date, 225 wild hunter-harvested deer from Northeast Michigan have been confirmed TB-positive.

The interim USDA rule will be implemented in Michigan according to conditions spelled out in a Memorandum of Understanding that must be signed by MDA and the USDA. The final memorandum is being finalized, but in the meantime, current Michigan quarantine TB testing policies will remain in effect through the fall feeder cattle sales season. The USDA requires the implementation of stringent testing requirements, paper including a paper trail of animal movements and biosecurity measures to make absolute sure that diseased animals are not let out of the area, possibly infecting another herd in another place.

Charter School Proposal Targets At-Risk Youth

This month, Governor Engler announced a new proposal aimed at meeting the educational challenges of at-risk youth. He noted that "While children with histories of discipline problems – even violence and criminal behavior – may not belong in regular classrooms, they still need an education if they are to survive in the 21st century." Engler stressed that new options for at-risk students are important and need to allow creative partnerships between parents, school districts, local government, law enforcement and private agencies and foundations.

Citing the concerns of parents who struggle with childcare, Engler also called upon the Legislature to support the creation of new, young-child charter schools. These would allow co-location of charter schools with childcare centers; the idea would ideally appeal to employers who could provide both on-site childcare and early childhood education.

Other proponents of the Governor's proposal include:

- Allowing for new schools to be authorized by a new board to provide a common oversight process;
- Creating an expedited process to enable the Michigan Education Association and Michigan Federation of Teachers to create charter schools, allowing them to drive school improvement through the charter school process; and
- Raising the cap on university-authorized public school academies to 50 this year and 25 every year thereafter.

The *Washington Report* will resume regular publication after Congress returns for its second session in January.

For more information on any of the issues mentioned in the Washington Report, please contact our office.

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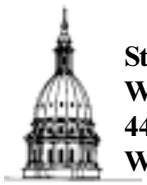
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