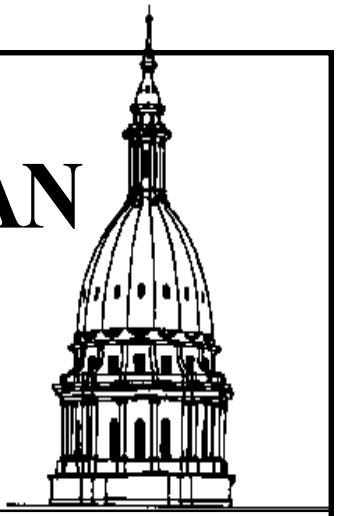
STATE OF MICHIGAN
Washington Report



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Editor: Melissa Hess

What's Happening in Washington?

Governor Reviews Federal Priorities with Delegation

Governor Engler came to Washington for a March 8th meeting with Delegation members and staff to highlight Michigan's federal priorities for the coming year. The briefing touched upon several issues that are of particular importance:

Social Services Block Grant: Funding for the Social Services Block Grant (SSBG) has continued to erode. Additionally, beginning in FY 2001, states may only transfer 4.25% of TANF monies to the SSBG. The President's budget proposed a modest increase in SSBG, but portions of these funds are earmarked for specific purposes. The services provided by SSBG in Michigan include: Adoption Services, Case Management, Congregate Meals, Day Care for Adults and Children, Foster Care, Home Delivered Meals, Protective Services, Substance Abuse, Transportation and At-Risk Youth Services. Michigan advocates the restoration of maximum flexibility in the transferability of TANF funds to SSBG and the restoration of SSBG funding to $2.3 billion, the amount originally agreed to as part of the 1996 welfare reform package.

Wastewater State Revolving Loan Fund: For the second year in a row, the President's Budget recommended a $550 million reduction in Wastewater State Revolving Loan Fund Infrastructure Grants. This would result in a 41% reduction in funding available for critical wastewater treatment infrastructure construction. Last year, Congress restored these reductions in funding, and Michigan received $57 million for wastewater infrastructure and $23 million for drinking water infrastructure.

Highway Trust Funds and Revenue Aligned Budget Authority (RABA): The Administration has proposed to hold back increased revenues to the Highway Trust Fund for purposes other than those laid out in TEA 21. The purpose of the new spending mechanism was to spend the Highway Trust Fund as it comes in, regardless of whether revenues go up or down. While some of the alternative uses for these funds might be attractive, changes to RABA could cost Michigan approximately $42 million in apportioned funds.

Patient Bill of Rights: The Michigan Delegation is urged to oppose any conference report language that would preempt the Michigan Patient Bill of Rights which was passed in 1997.

Senior Prescription Drugs: The cost of prescription drugs for the elderly has become increasingly burdensome and states are unable to undertake the complete burden of paying for prescription drugs. While ideally the federal government should reform Medicare to include a prescription drug benefit, any temporary measure should not shift costs to states, and

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should include a hold harmless provision so that states with an existing program are not penalized.

Child Support: The Administration has recommended several changes to the child support enforcement system; the State's recommendations include:

Responsible Fatherhood Initiative: The Administration proposes to assist non-custodial parents to obtain work and support their children. Last year, Congress introduced the "Fathers Count Act of 1999." Any legislation considered this year should be drafted so new funding streams for fatherhood programs are coordinated with ongoing state efforts, such as Michigan's "Fatherhood is Forever" campaign. Such programs should not place new administrative burdens on state agencies.

Data Match and Attachment of Gambling Proceeds: Michigan supports a proposal that would require casinos to check with the state's IV-D program to determine if the winner owes an arrearage. However, there is an issue with Native American casinos and how they would be affected by this recommendation. It is important that the this proposal apply to all casinos.

Incentive Payments: The proposal calls for the elimination of the national cap on incentive payments and replaces it with individual caps for each state. Michigan views the elimination of the national cap as a positive step but is strongly concerned about how state caps will be established. New state caps could be more restrictive and detrimental to a state than the current national cap. Michigan recommends a process that establishes state caps in such a way that states are rewarded for improved performance

Border Crossings- Section 110 Repeal: The State of Michigan supports the complete repeal of Section 110 of the Illegal Immigration Reform and Immigrant Responsibility Act. While Congress was able to delay implementation until March 30, 2001, this issue remains one of the top trade and traffic concerns in border communities.

Outer Continental Shelf (OCS) Revenue: The Michigan Delegation was encouraged to ensure any OCS legislation: provides adequate flexibility to allow states to target resource and conservation priorities; does not subject states to unnecessary, burdensome eligibility or planning requirements; does not impact funding of other federally-supported state programs; and ensures Michigan receives an equitable share of available resources.

Bovine TB Threatens Michigan

In correlation with one of the Governor's federal priorities for 2000, Michigan State University experts led by MSU Vice Provost Ian Gray and Michigan state government workers led by Michigan Department of Agriculture Director Dan Wyant met with delegation and staff this month to address the threat of bovine tuberculosis in Michigan.

Bovine TB is becoming an increasingly urgent issue, and Michigan's certified TB-free status is likely to be lost as a result of the identification of three TB-positive deer outside the designated five county area in Northeast Michigan. Loss of this status will have far-reaching negative consequences for Michigan's livestock economy. The Michigan Departments of Agriculture, Natural Resources and Community Health, Michigan State University and the U.S. Department of Agriculture are working together to address the bovine TB problem.

Congress Passes FAA, Secures AIP

Congress finished work this week on the reauthorization of the Federal Aviation Administration (FAA) which includes the Airport Improvement Program (AIP). The AIP funds airport infrastructure needs, and its passage was another important item on Governor Engler's federal priority list for the year. Timing was critical, as Michigan was in danger of losing the construction season this year.

The new bill will result in large increases for airports that currently receive entitlements in Michigan. State entitlements have been increased slightly because a larger share of the overall program will be given to states. In addition, a new General Aviation entitlement has been created which will give entitlement funds to 81 small airports around the state for infrastructure improvements.

Overall increases produce a 133% increase in funding for Michigan. Funding increases are summarized in the table.

Engler pursued several legislative changes to improve aviation in Michigan, all of which were successful. They included:

Access to the Aviation Trust Fund, making it very difficult for appropriators to not spend the incoming trust fund revenues;

Multi-year Authorization, easing the difficulty of managing infrastructure investments with short term federal bills;

Reliever Airport Funding, which will help fund projects at airports that give relief support to congested hub airports;

Small Runway Standards and Eligibility of Maintenance, which will stretch state dollars by allowing small runways to use highway construction standards rather than runway standards; and

Access to Chicago-O'Hare Airport for Michigan's Essential Air Service Airports (EAS). New language in the bill will allow small Upper Peninsula airports to have increased access for take-off and landing in Chicago.

Thanks to the Delegation for all its hard work on this issue, particularly to Congressman Ehlers who served on the conference committee, and to Senator Abraham for his diligence in the Senate.

Overall Increases for State of Michigan

Type of Funding	FY99	AIR 21	Increase
Primary Airports	$14,875,248	$29,750,496	$14,875,248
Cargo Airports	$722,957	$1,391,196	$668,241
State Entitlement	$9,989,000	$11,727,444	$1,747,445
General Aviation	$ -0-	$11,559,536	$11,559,536
Total	$25,578,205	$54,428,672	$28,850,470

Unemployment Agency Testifies Against Birth and Adoption Unemployment Insurance

Jack Wheatley, Director of the Michigan Unemployment Agency, testified before the U.S. House of Representatives Subcommittee on Human Resources on March 9th. He spoke on the proposed regulations involving the Birth and Adoption Unemployment Compensation.

Wheatley noted that the experimental program ignores the existing "able and available" requirements of the unemployment insurance system and weakens its ability to effectively determine a claimant's attachment to the labor force while benefits are being paid. This is the first instance where the Department of Labor has proposed to reinterpret this requirement and allow a person who chooses to be unemployed to receive unemployment benefits.

Wheatley stressed that the State is not opposed to the concept of providing a means for individuals to address the needs of their families, but that the program is a serious departure from the intended purpose of the Unemployment Insurance program. He summarized that the scope of entitlement must not include those who are not available and able to do work in order to enable the program to remain self-financed and available to the involuntarily unemployed

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

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What's Happening in Michigan?

CMI Grants to Upgrade Recreation

Governor Engler recently requested that the State Legislature appropriate funds from the Clean Michigan Initiative (CMI) Bond Program for recreation projects in a total of 66 villages, cities, townships and counties. This is the second round of local projects under the CMI that will issue up to a total of $50 million in grants for projects of this nature. Local governments will use the grant funds to develop new parks and recreation areas, or improve existing areas.

Local recreation grant applications will be accepted on April 1st and September 1st this year. Local governments applying for grant funds must commit a minimum 25 percent match toward project completion and enter into an agreement with the Michigan Department of Natural Resources that requires them to complete the project as proposed and to maintain the facility for public use and recreation. Communities interested in receiving grant application materials may contact the DNR at (517) 373-2724.

Michigan Enhances Brownfield Legislation

A new five-bill package addressing brownfield legislation will enable Michigan to continue its role as a national leader in redeveloping urban brownfields and help to attract new, high-tech firms to Michigan. The package will expand the type of property eligible for the program and will increase the maximum Single Business Tax credit from $1 million per project to $30 million per project.

Current brownfield laws allow the use of tax increment financing to pay for clean-up costs of contaminated property and provide a 10% SBT credit for new investment on the property. The bill package would amend brownfield legislation to:

Allow for the restoration of blighted and functionally obsolete property, in addition to contaminated property;

Target the program to core cities, but allow it to be used for property that is not in the cities but contaminated;

Eliminate SBT credit recapture when real property is sold or transferred, preventing use of the program for residential property; and

Allow tax increment financing to be used to pay for infrastructure improvements, lead and asbestos abatement, site preparation, demolition of structures, and reasonable administrative and operating activities in addition to clean-up costs.

Waiting for Spring

As spring comes to Michigan, Travel Michigan is gearing up for the heavy tourism of spring and summer. New publications include *2000 Michigan Travel Ideas* and *Great Lakes, Great Golf*. These and other trip and event ideas are available free of charge by calling 888-78-GREAT, or through the Travel Michigan web site at www.michigan.org

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