

## BUDGET'S PASSAGE TARGETED FOR THIS WEEK

The pace by which lawmakers are moving the budget conference reports means the 2005-06 budget could appear on Governor Jennifer Granholm's desk by Friday.

So far, the Senate has approved three of its conference reports - for the Judiciary, and the departments of History, Arts and Libraries and Military and Veteran's Affairs - while conference reports for a number of other budgets have been signed.

The House will pass just one budget bill for most the budgets (the K-12 School Aid budget will be in a separate bill) but several of the budgets as part of that omnibus bill, HB 4831, have also been approved in conference committees.

Matt Resch, spokesperson for House Speaker Craig DeRoche (R-Novi), said officials hope to complete legislative action on the budget Thursday.

There are still tough decisions remaining on budgets, said Ari Adler, spokesperson for Senate Majority Leader Ken Sikkema (R-Wyoming), since the conference committees were left free to make a number of decisions on policies and programs so long as they met the budget targets set for the departments.

Greg Bird, spokesperson for the State Budget Office, said the budget was built on compromises and that compromises would have to yet be found.

Among the budgets that still need resolution is the State Police budget, SB 280, where efforts to keep open some or all of the three State Police posts Ms. Granholm called for closure (Indian River, Grand Haven and Groveland) has kept lawmakers from reaching a final agreement.

Because so many compromises have been made, both Mr. Adler and Mr. Bird said Republicans and Democrats both can claim victories in the budget. Both, for example, said boosting the per pupil allowance in the school aid budget was an accomplishment both parties could claim.

Mr. Adler said Senate Republicans claimed as victory that no tax changes or fee increases were included in the budget and that some reforms in Medicaid, requiring healthier lifestyles by recipients, will be included.

Mr. Bird said the administration is pleased some of the more controversial measures cutting off Medicaid access in some cases and cutting cash grants to some recipients were blocked. Those cuts could have been "devastating" to many poorer families, he said.

In addition, Mr. Bird said changes were made to proposed cuts to the budgets of Wayne State University and Northern Michigan University.

Jack McHugh of the Mackinac Center for Public Policy said in one critical way the budget for 2005-06

is far better than budgets adopted in recent years: it has no major tax or fee changes included in it.

He said the organization was also encouraged that some portions of the House's plan to set a formula for higher education spending remained in the budget.

Mr. McHugh said the "price of government" process in the budget at least changed some of the dynamics of the budgetary discussions. He said the Senate and House "could have made beautiful music together" when working on the budget, but when the process got into conference "sausage" was made.

But the group was disappointed that some of the proposals from Sen. Tom George (R-Portage) to dramatically change Medicaid by encouraging lifestyle changes are "essentially gutted." Medicaid "in its current form is unsustainable," and there were proposals, especially from Mr. George, to change that system but they have been largely left out of the budget.

Mr. McHugh was unimpressed that lawmakers were supposed to report in January on new proposals to cut Medicaid spending, an agreement reached as part of the budget. "They can do that at any time," he said.

He was also disappointed that House proposals to cut welfare spending in the Department of Human Services budget were effectively "gutted."

With the prospect likely that Ms. Granholm will veto spending for the Michigan Youth Correctional Facility in Baldwin, Mr. McHugh said studies have indicated not having a private prison means costs at public prisons go up. He said he wasn't arguing for the Baldwin prison, but that the state should have some private prison facilities.

A spokesperson for The GEO Group, which owns the Baldwin facility, said if Ms. Granholm does veto operations for the prison then officials in Lake County are worried that local services will be "decimated."

The prison, with 229 employees, is the largest employer in Lake County.

With three budgets already passed by the Senate - and four more, DHS, Agriculture, General Government and Transportation - slated for votes on Tuesday, officials expect Ms. Granholm will get budgets to her desk yet this week.

In addition, four budget conference committees are set to meet on Tuesday, though several are just to sign the final conference report, for DHS (SB 271) and the Department of Labor and Economic Growth (SB 276). School aid (HB 4887) and the omnibus budget bill (HB 4831) are also scheduled to meet at 9 a.m. Tuesday.

But no meeting has been scheduled

yet for action on the State Police budget (SB 280). That budget may prove to be one of the most contentious to complete because officials are trying to find a way to keep open one or all of the State Police posts slated to close: Groveland in Oakland County, Iron River and Grand Haven. Most of the pressure is being put on keeping open the Groveland facility.

Tom Clay of the Citizens Research Council of Michigan said the budget includes spending reductions, but without affecting the most important issues on each side. Mr. Clay said he is suspicious about whether officials underestimated Medicaid costs to get the budget balanced only to then need a supplemental appropriation in a few months.

"That's been a fairly standard approach taken the last couple years," he said.

Mr. Clay said he estimates the budget requires \$230 million in one-time revenue, an amount he said is far less than in recent budgets.

An analysis by the Senate Fiscal Agency indicates the use of \$274.7 million in revenues from sources other than regular ongoing revenues.