

Marquette

Marquette County Ambassadors Annual Lansing Visit 2011



Transportation
Education
Economic Development
Tourism
Health Care

Marquette County, Michigan

Marquette County



**2010 Distinctive
Destination**

NATIONAL TRUST FOR
HISTORIC PRESERVATION





Marquette County Ambassadors

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For over two decades the Marquette County Ambassadors have been making an annual trip to Lansing to meet with legislators and State department personnel. The purpose of the trip is three fold: to inform you of relevant issues affecting the Upper Peninsula, in particular Marquette County, to hear your perspective on activities related to state government and to share with you our position on critical issues related to the Upper Peninsula.

In 2011, the Marquette County Ambassadors are again bringing the Upper Peninsula to Lansing. The Legislative Reception and many scheduled visits prove the Ambassadors know the value and are committed to a more regional perspective of issues and challenges facing the businesses and citizens of Marquette County and the entire Upper Peninsula.

This year the Ambassadors have researched and produced Position Papers in five major areas:

- Economic Development
- Education
- Health Care
- Tourism
- Transportation

Many, if not all, of the issues raised or initiatives supported are not specific to Marquette County, but rather the Upper Peninsula as a whole. Regional cooperation continues to play a vital role in the betterment of the Upper Peninsula and UP communities have a long history of working together.

Attached you will find the Marquette County Ambassadors' 2011 Position Papers, highlighting issues important to the economic vitality of the County. Each section is summarized with detailed information attached. If additional information is needed, a contact list of members has also been provided.

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ECONOMIC DEVELOPMENT

TRANSITION FOR ECONOMIC DEVELOPMENT

Staff of the Lake Superior Community Partnership, the parent organization of the Marquette County Ambassadors, has been involved in Governor Snyder's transition team for economic development and the Michigan Economic Development Association's white paper creation.

Action Requested: Support the strategies listed below, as compiled by the transition team:

- **A simple, predictable and stable form of business taxation.**
- **Improvements to the complex, slow and unpredictable permitting/regulatory processes.**
- **Focus efforts on the "economic gardening" concept; supporting existing businesses vs. "hunting"**
- **MEDC to reach out to local partners allowing their knowledge and expertise to be a part of the solution**

U.P. REPRESENTATION ON COMMITTEES AND TASK FORCES

The Michigan Natural Resources Trust Fund Board is responsible for the acquisition of lands for resource protection and public outdoor recreation. The board determines which lands, and rights in land within the state, should be acquired and which public recreation facilities should be developed with money from the trust fund.

The Michigan Strategic Fund is a public body corporation and politic created to help diversify the economy of the State and to provide economic development, primarily by assisting business enterprises to obtain additional sources of financing.

Currently, there is no representation from the Upper Peninsula on either board.

Action Requested: Support the appointment of an Upper Peninsula representative on the DNR Trust Fund Board and Michigan Strategic Fund Board as presented by the Ambassadors.

EDUCATION

SCHOOL AID FUND TRANSFERS

Recently the public school community fought and failed to stop a raid on the School Aid Fund (SAF) when \$208 million was transferred from the fund to the General Fund to pay for community colleges. This raid not only harmed public schools by missing a chance to restore some of the debilitating cuts schools have endured, it was also precedent-setting and would change the way future governors and legislators view the SAF. The School Aid Fund is already burdened with millions of dollars in transfers for programs once supported by the General Fund.

Now the State's General Fund is facing a \$1.8 billion shortfall while the SAF seems to have improved beyond the estimates established last May. It is possible that the SAF could provide the \$270 million needed to restore the \$170 per pupil Foundation cuts and re-establish the \$7,316 per pupil Minimum Foundation last seen in 2008-09.

Unfortunately, some legislators, news outlets, and others have already called for the SAF to defray some of the General Fund deficit. One-time federal dollars (ARRA and Ed Jobs) have helped prop up school budgets and mitigate, to some extent, the recent cuts. However, there will be no more federal money and by restricting the dollars the SAF sets aside for schools, districts will experience the catastrophic funding cliff that has been forecasted. If the Governor intends to restructure education from a K-12 to a Birth-20 model, then education funding must be appropriately and adequately enhanced and restructured.

Action Requested: We implore the state legislature to refrain from categorizing additional programs and initiatives as “educational” and thereby placing a further burden on the school aid fund. In addition, any educational restructuring that would include placement of community college and/or higher education funding in the SAF must have needed resources follow as well (see supplement of transfer information).

SINKING FUND

Due to funding constraints, districts are lacking funds for infrastructure, technology, and school bus acquisition. It is our hope that legislation previously proposed would be reinstated and enacted to expand the use of funds received from millage to include technology and school bus acquisition. This has been a long standing request from our area superintendents and we hope for some relief during this legislative session.

Action Requested: We support modification of the “sinking fund” law to allow revenue approved by voters under this law to be used in the same manner as revenue for bonds, as defined by the School Code.

REPORTING REQUIREMENTS

The financial pressures on Michigan schools have never been greater. A sluggish economy and high unemployment are dragging down school aid revenue while the cost of employee health care and retirement skyrockets. Despite this, resources are still being diverted away from the classroom by mountains of state and federal reporting mandates. A recent review by the Michigan Association of School Administrators (MASA) reveals that **schools in Michigan file**

more mandated reports than there are school days. These requirements artificially inflate administrative costs and take focus away from where it belongs, in the classroom.

While the recent Supreme Court decision in the case *Adair v. State of Michigan* has brought more widespread attention to this issue, the mandated reports go far beyond the cost of collecting data for the Center for Educational Performance and Information (CEPI). The sharing of information between school districts and with the state and federal governments is important; however, the quantity of reports currently required is unsustainable. Where possible, we must simplify or eliminate reports that are redundant, antiquated, or unnecessary.

Action Requested: A thorough review of existing mandates is currently underway by school administrators. This review will be followed by the development of a list of recommendations for simplifying or eliminating of reports that are redundant, antiquated, or unnecessary. As new state leadership takes up the challenge of funding Michigan's schools in a tough economy, school leaders stand ready to be a partner in that effort and to help the new legislature and administration find ways to reduce costs without negatively impacting students.

EARLY CHILDHOOD EDUCATION

Research supports the lifelong importance of early childhood development, and hard economic evidence shows that smart investments in early childhood yield long-term gains. According to the National Center for Children in Poverty, Michigan's low income (income below 200% of the federal poverty level) families account for 61% of our children under the age of 6. It's proven that the educational achievement gap begins long before school starts, and continues absent intentional interventions. At age 4, poor children are 18 months behind their affluent peers, and the gap is still present at age 10. By third grade, children from middle-class families know about 12,000 words; children from low-income families only know about 4,000 words. Federal funding is anticipated to increase to states that demonstrate they have improved the quality of their Child Care standards and have put some sort of curriculum in place. Michigan does not meet the federal standards at this time.

Action Requested: Place emphasis on the State of Michigan meeting the federally recommended standards for early childhood education; including pre-school and child care. This will result in Michigan's children being better prepared to meet high achievement standards as they transition through elementary, middle and high school and on to college. In addition, Michigan will become eligible for Federal Funding that is not currently available.

HEALTH CARE

IMPACT OF HEALTH CARE ON REGIONAL AND LOCAL ECONOMIES

The impact of the health-care community is far greater than the delivery of consistent services. The Michigan Health and Hospital Association reports that, in Michigan's Upper Peninsula alone, 25,840 residents have jobs in, or related to, health care, earning a combined \$1.18 billion annually and paying taxes to help support schools, community infrastructure, and public safety. Health-care workers also use their purchasing power to support local businesses. Those businesses, in turn, employ other members of the community and are able to create new jobs.

In Marquette County, for example, there are 8,619 jobs related to health care—more than 5,390 of which are directly associated with delivery of services. Those 8,619 workers earn \$420 million annually, generating \$106 million in revenue for federal, state, and local taxes. The estimated annual economic impact of Marquette County's health-care sector is \$540 million. This number represents the total value of production of goods and services.

Health care is Michigan's largest private-sector employer. Michigan residents employed in health care earn about \$42 billion a year in salaries and benefits, generating a substantial amount of tax revenue and spending within individual communities. When viewing the health-care community from state, regional, and local perspectives, consistent and adequate funding for the state's health-care programs (including Medicaid) has a greater impact on the community at large than just on those who receive specified services.

MICHIGAN MEDICAID

The Upper Peninsula's traditional collaboration and networking in the health-care community has generally allowed full health services for Medicaid enrollees, particularly for the segments of the population who need them most—children and pregnant women. Hospitals, clinics, independent physicians, and health departments work closely with the region's managed-care organization (the Upper Peninsula Health Plan) to ensure that Medicaid recipients receive consistent wellness care in addition to treatment for illnesses.

The region's health-care community effectively and consistently provides essential services to Medicaid enrollees. This consistent, high-quality service—during an era of increasing costs—is a testament to the collaborative spirit of the health-care community. As health care for the uninsured and the underinsured becomes a more-prominent public issue, the State of Michigan's managed-care programs are one of the best vehicles for fiscally responsible care that produces good outcomes. Existing programs such as the *Dual-Eligible Adults*, *Children With Special Health Care Needs*, and *MiChild* need to be included in managed care to ensure that high-quality and cost-effective care is provided for these populations. The current fee-for-service system does not manage care and is costly for providers to bill and collect for services rendered.

For managed care to be fully successful, it needs to be supported with a rate structure that complies with well-established federal requirements for actuarial soundness. Rates that are

actuarially sound will support a system that can provide cost savings as well as manage medical care consistently and efficiently.

Action Requested: Continued support of the health-care community and the Medicaid program, and actuarially sound rates to provide these services. It is imperative that this at-risk population be protected and have access to high-quality care.

INCREASED HEALTH CARE CAREER EDUCATION

There is an increased need in rural areas for educational programs that develop graduates who seek careers in health care. These careers include those that provide direct patient care—such as *nursing, clinical and diagnostic testing*, and *physicians*. The financial situation in Michigan threatens the continued development of these programs. Currently, most university programs for nursing have waiting lists of several years. Many Upper Peninsula graduates leave the state for hospitals that can afford to help offset their college loans. We are also seeing a reduction in graduate medical-education support, which will have the long-term effect of reducing access to clinical sites and increase the strain on medical access to care for residents of the Upper Peninsula.

Action Requested: Increased support of funding of health-care career development in rural Michigan to ensure that residents have access to high-quality care.

PHYSICIAN RECRUITING IN RURAL AREAS

Hospitals and physician groups in rural areas are often at a disadvantage when recruiting physicians. Many native Upper Peninsula residents who leave the area for medical school do not return—because of limited employment opportunities, smaller compensation packages than those offered in larger metropolitan areas, or a combination of factors. Sometimes extra dollars or other incentives are needed to attract the most-talented physicians to the less densely populated Upper Peninsula. Financial resources to provide these incentives are important to maintain and increase the strength of the region's physician pool.

Action Requested: A program to subsidize the cost of recruiting primary care physicians and specialists in the rural areas of the State of Michigan—specifically, the Upper Peninsula, where the outmigration of health care to surrounding states is hurting the medical community and overall economy of the Upper Peninsula

TOURISM

PURE MICHIGAN CAMPAIGN

Tourism is a critical part of the economy of the Upper Peninsula. It contributes greatly to our hospitality sector and their local supplier base throughout the year. Tourism contributes to the vibrancy of our downtowns, especially in summer and fall. We appreciate and thank the Governor, the Legislature and the Michigan Economic Development Corporation for continuing support for the **Pure Michigan** campaign. The success of the National campaign and the associated Pure Michigan Partnership program suggests that there is one more step to make, which is to create a **permanent funding revenue stream**. The year to year uncertainty inhibits the ability to maintain and build partnership campaigns and to that end support the State to be able to leverage local, matching resources. Local communities are challenged to budget for what is from year to year uncertain in timing and level of revenue. While we applaud the financial support provided to make the 2011 campaign move ahead, we urge all parties to find permanent funding to assure sustainability of Pure Michigan which will in turn build long term support and collaborations with local partners.

Many of the iconic images that are key to the Pure Michigan campaign are images from the Upper Peninsula. We urge that this campaign do its best to **identify the location** of the many **wonderful images** that it shares with the nation. Doing so will ensure maximum value to the communities which house and surround these key attractions.

The State is considering a broader use of the Pure Michigan brand. We would urge the use of the **Pure Michigan** brand in connection with **events**. Marquette County sponsors significant events of statewide and regional impact; the Ore to Shore, Noquemanon Ski Marathon, the UP 200 and Art on the Rocks, to name a few. The Ambassadors would welcome the chance to work with the MEDC in establishing criteria in support of Pure Michigan branding and promotion for significant local events.

Actions Requested:

- **Assist in securing permanent funding for Pure Michigan Campaign sustainability**
- **Identify location of Pure Michigan campaign images**
- **Establish criteria for use of Pure Michigan branding to promote local events**

TRAVEL

The **Welcome Center** on US 41 (#154) is an important gateway for travelers to Marquette. We urge the State to recognize its contribution to supporting local tourism and to offer it open to tourists as many hours as the State can possibly support.

Also, with respect to transportation, two major access points to the Upper Peninsula feature 4 lanes. However, once one reaches the UP, 4 lanes become rare. We urge transportation studies and plans to evaluate and fund **four lane highway expansions** to more parts of the UP.

Finally we recognize the importance of the Department of Natural Resources Trust Fund and the contributions that resource based communities make to it. We urge that the Legislature avoid the temptation to divert the **DNR Trust Fund and insure its preservation** for support of the activities and regions for which the Trust Fund was designed.

Actions Requested:

- **Recognize the importance of US 41 Welcome Center 154 on US 41 in supporting local tourism efforts**
- **Encourage transportation studies and plans to evaluate and fund four lane highway expansion throughout the UP**
- **Insure preservation of the DNR Trust Fund in its support of activities and regions for which it was designed**

TRANSPORTATION

The Marquette County Ambassadors thank MDOT and our State Legislators for their commitment to improving the transportation assets of Michigan, and in particular transportation improvements in and around Marquette County. Recent intersection and signal improvements along the Highway 41 Corridor, passing relief lanes, and non-motorized transportation options are a few examples of projects that have contributed to a safer and improved transportation system and quality of life in Marquette County.

We are grateful for the attention to these projects and look forward to working with MDOT and our State Legislators on future transportation needs.

PROPOSED COUNTY ROAD 595

The Marquette County region is experiencing a renewed interest in mining activity. Safe and efficient transportation of these materials is essential. A direct route for not only mining transportation needs, but also for recreational access and logging activities will take the burden off the heavily-used regional highway system and provide for safer and less costly transportation in western Marquette County. The proposed County Road 595 is a solution that will remove a great deal of truck traffic from the population centers in Marquette County while also providing improved access to recreational lands. We encourage timely review and approval of the permits necessary for construction of County Road 595.

Action Requested: Support and encourage the approval of the necessary permits for construction of County Road 595 in western Marquette County to serve as an additional access point for recreational interests, mining activity and logging transportation in a safe and efficient manner.

INTERNATIONAL TRADE CROSSING

In his State of the State address on January 19th, Governor Snyder laid out a plan to accept \$550 million in Canadian funding towards construction of a new international border crossing across the Detroit River. He noted Canada's critical role as the United States' and Michigan's largest trading partner and the amount of trade that occurs daily between Michigan and Canada.

The Governor also announced that he and MDOT Director Kirk Steudle had secured a commitment from the US Department of Transportation that the Canadian funds could be used to match \$2.2 billion in Federal transportation funds for road and bridge projects throughout the State of Michigan. Since the Governor's speech, business groups from Marquette to Macomb have been lining up in support of the proposed crossing. The construction of the International Trade Crossing will create 10,000 construction jobs for skilled trade workers from across Michigan.

Action Requested: Support the construction of the International Trade Crossing between Detroit, Michigan and Windsor, Ontario and we encourage MDOT to use the federal matching funds generated from the ITC project to support not only state road projects and funding, but local road agencies as well.

MDOT, LOCAL ROAD COMMISSIONS AND CITIES

Michigan is facing a funding crisis and transportation is no exception. Without additional funding for transportation, Michigan is in jeopardy of losing federal matching dollars and will

continue to see the transportation assets of this state fall into an ever-increasing level of disrepair. Additionally, the lack of transportation funding is causing our local transportation agencies to drastically cut routine maintenance as well as other services that help keep our transportation system safe and efficient. Attempts to divert transportation funding dollars away from operational expenses for other purposes should be avoided as they are causing increased budget pressures at the local level.

Action Requested: Support the recommendations of former Governor Jennifer Granholm's Transportation Funding Task Force (TF2), and request that both the House and the Senate come together in a true bi-partisan effort and take immediate action to increase road funding as recommended in the TF2 report that was submitted on November 10, 2008.

AVIATION – BUREAU OF AERONAUTICS AND FREIGHTS SERVICES DIVISION

The current funding structure to support Michigan's airports and aviation infrastructure is derived from a variety of sources with the majority of revenue coming from the 1929 aviation fuel tax of 3 cents per gallon. This tax structure has remained unchanged for over 80 years, with the exception of a 1.5 cents per gallon rebate to commercial airlines, approved in 1945 with PA 327.

The State Aeronautics Fund (SAF) facilitates the operation of the aeronautical divisions of the Bureau of Aeronautics and Freight Services (BAFS), and funds all of the vital aviation functions of BAFS and the capital programs that provide improvements to Michigan's aviation and airport infrastructure. The current tax structure no longer supports the administrative and capital responsibilities of BAFS.

During CY-2010, House Bill 5773 was proposed. This bill would have provided a 4 cent per gallon increase in aviation fuels over a 3 year period, and retain a per gallon rebate for airlines operating in Michigan, however, was never acted upon. This Bill would have provided an approximate \$16,000,000 in additional revenue to the SAF. Additionally during CY-2010, legislation proposed as House Bill 5089 would have dedicated the unencumbered portion of State sales tax on aviation fuels and related products to the State Aeronautics Fund. This proposed bill never left the House Tax Policy Committee and much like HB 5773, HB 5089 is no longer being considered. This legislation would have provided an estimated \$5,000,000 to \$7,000,000 in additional revenue to the SAF, and would have provided for the \$70,000,000 in matching funds needed for capital development projects in Michigan's airports, through the FAA's Airport Improvement Program (AIP).

In CY-2011, House Bill 4025, introduced by Representative Dave Agema, (R-Grandville) proposed to amend the 1933 PA 167, entitled "General Sales Tax Act". This bill would take a percentage of sale tax revenue generated by aviation fuel sales and related aviation products, and redirect this revenue to the SAF for the benefit of Michigan's airport infrastructure. House Bill 4025 is identical to HB 5089 from CY-2010 as described above, and previously passed approximately 10-years ago, however the bill was never signed by then Governor John Engler.

Action Requested: The Marquette County Ambassadors join the Michigan Association of Airport Executives (MAAE), and the Michigan Business Aviation Association (MBAA) to encourage immediate action by Michigan's legislators to pass HB-4025, which is an excellent first step at arriving at a long-term and financially self-sustaining solution to meeting the needs of Michigan's aviation system and network of airports comprised of over 230 facilities.

