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## Whitmer's SOTS: Unfinished Items, Population Report Add New Pressures

[Governor Gretchen Whitmer](#) confronts a different dynamic as she prepares to deliver her sixth State of the State speech on Wednesday, confined somewhat in offering new proposals given some priorities she identified in the fall still require action and a lack of legislative session days available for policy with a fully functional Democratic majority.

The governor's office has leaked three new proposals so far in the days leading up to the speech. One is for a new caregiver tax credit (See [Gongwer Michigan Report, January 22, 2024](#)). Another, first [reported](#) in MLive, would have the Michigan State Housing Development Authority invest \$1.4 billion in housing to create or rehabilitate homes. The third, [reported](#) Tuesday in The Associated Press, would expand the Michigan Reconnect program. Whitmer also earlier announced she would issue a reconfigured proposal that she's offered twice before for a rebate on new vehicle purchases, this time not just for electric vehicles.

Sources with knowledge of the speech's highlights told Gongwer News Service other notable items in the speech include a call to move up the schedule for expanding the state's Great Start Readiness Preschool program to all students by two years starting with the 2024-25 fiscal year budget. The governor also will call for action on unfinished legislation from 2023 by creating a research and development tax credit, sources said.

Also on the economic development front, Whitmer will discuss renaissance zones, which wipe out all state and local taxes in lower-income areas for projects and have been in place since the 1990s, an "innovation fund" to invest in startups and a proposal to lower payroll taxes for "small and second stage businesses."

Michigan Reconnect currently applies to those 21 and older and provides two years of tuition-free community college with the state covering the cost. Under Whitmer's proposal, all high school graduates who have lived in Michigan for a year prior to enrollment would qualify.

Whitmer's press office said making the first two years of college tuition-free would save students an average of \$4,000.

The current 2023-24 fiscal year budget contains \$125 million for the existing Michigan Reconnect program – \$55 million for those 25 and older and one-time funding of \$70 million to lower the eligibility to 21 and older with the expanded funding expiring October 1. The funding for those 25 and older comes from the General Fund. The funding for those 21-24 came from federal coronavirus state aid that is no longer available.

Whitmer Communications Director Bobby Leddy said the governor's office would have "more on the numbers when the budget is presented" when asked for a cost estimate and how it would be paid for.

Robert McCann, executive director of the K-12 Alliance of Michigan, said in a statement that creating opportunities for students after graduation helps keep them on a path toward success.

"We know that investing in our schools and our students is the single best investment we can make in Michigan," he said. "We look forward to hearing the details of the governor's proposal and working with the Legislature on the long-term investments that will support our schools and students for generations to come."

Brandy Johnson, president of the Michigan Community College Association, praised the proposal, saying it would remove financial barriers that seem to make a postsecondary education impossible.

"This will no longer be the case thanks to Governor Whitmer's proposal of making the first two years of community college tuition-free," she said in a statement provided by the governor's office. "Michigan's community and tribal colleges work tirelessly to help students succeed, whether they seek to enter the workforce or transfer to a university. Let's work together to help more Michiganders achieve their goal."

Rep. Samantha Steckloff (D-Farmington Hills), chair of the [House Appropriations Higher Education and Community Colleges Subcommittee](#) , and Sen. Sarah Anthony (D-Lansing), chair of the [Senate Appropriations Committee](#) , both praised the concept.

The concept appears to arise from the governor's Growing Michigan Together Council, which advocated a pre-school to grade 14-plan for the state's education system. The council also called for unprecedented coordination within Michigan's Balkanized education system to bring that system into effect.

That council report looms over the governor's speech. It contained several recommendations, and the governor put considerable stock in the report prior to its release on how she would approach Michigan's population stagnation. Should Whitmer largely ignore the report's recommendations in her speech, it will be a signal that, like many task force reports, it will collect dust on a shelf.

Another unique dynamic heading into the speech is the governor gave a second State of the State speech of sorts on August 30. After the new Democratic majority passed a large number of pent-up Democratic priorities in the first six months of the year, Whitmer gave what she called a "What's Next" speech heading into the fall legislative session.

Some proposals in that speech passed the Legislature, like energy, the Reproductive Health Act and codifying the Patient Protection and Affordable Care Act into state law. Several election protections bills also passed the Legislature and became law.

Other proposals, like paid family leave and a prescription drug advisory board, are far from the governor's desk. Paid family leave appears on life support at best in the Legislature. The Senate swiftly passed the prescription drug board legislation in the fall, but it has gone nowhere in the House so far ([SB 483](#) , [SB 484](#) and [SB 485](#) ).

The other factor hovering over the speech is the 54-54 tie in the House until late April when vacancies in two safely Democratic seats will be filled. That will leave Whitmer and the Democratic Legislature with about two months of session days at a time when the budget will consume most of the oxygen at the Capitol. Legislators will then leave to campaign. Historically, the House holds few session days in September and October of an election year, meaning the lame-duck session might be it as far as time to deal with major policy legislation.

Here are some items to watch going into the speech:

**GROWING TOGETHER COUNCIL RECOMMENDATIONS:** The governor wants to expand her Michigan Reconnect program to all high school graduates. That's, sort of, what the council proposed with their preK-14 idea but not exactly. The council's idea is to let high school

students earn college credits while still in high school. How will the state's universities react to state-funded tuition at the 28 community colleges but not the 15 public universities? Where does the funding come from? If the School Aid Fund is involved, K-12 schools will squawk.

**ROADS:** The governor charged the Growing Michigan Together Council with proposing a funding system to increase money for road repairs. They didn't. The governor is now in Year 6 of her administration without action on the signature promise of her 2018 campaign, and the now one-year-old Democratic majority in the Legislature seems disinterested in action as well. The governor does not want to fruitlessly offer a tax increase like what happened in 2019, but if she was hoping to offload a proposal to a task force, that didn't work either. What she says on this topic will be closely watched.

**NATIONAL ATTENTION:** The governor continues to be in demand nationally. She has had some success in these speeches with generating something semi-viral to viral that her team can play up on social media. Whitmer has made a big push on abortion in recent days, it wouldn't be surprising to see her discuss what she signed last year and the prospect of a national ban on abortion should Republicans take control of the White House and Congress.

**AUTO NO-FAULT:** Whitmer said recently she wants a bill that would address the crisis among catastrophic care clinics about the 45 percent cut they took in reimbursements for care after the 2019 law Whitmer signed. The Supreme Court reversed the cut for those injured prior to the law taking effect, but clinics providing care to those injured afterward are still getting just 55 percent of what they received in the past. The Senate has passed legislation reversing the reduction, but the House is in no rush. Whitmer has come under criticism for not centering this issue (it wasn't in her last State of the State nor the What's Next speech).

**PAID FAMILY LEAVE:** A torrent of opposition arose in the business community, and the Democratic Legislature took no action with the prospect of passing a new payroll tax on the table. Does the governor revisit this proposal? It seems notable that the governor is separately proposing cutting the payroll tax in some way, though what that portends for paid family leave is not yet clear.

**LIONS:** The Lions-fan-in-chief was on hand at Ford Field on Sunday, waving a Lions flag and rooting on the team she has long cheered. She

was on the field before the game with other Michigan luminaries like Bob Seger. The Lions got mentions in the State of the State speech last year after going 9-8 and just missing the playoffs. Whitmer even briefly donned the "GRIT" baseball cap Lions head coach Dan Campbell often wears. What might the governor do with the Lions now 14-5 and one win away from their first Super Bowl appearance?

– By Zach Gorchow; Elena Durnbaugh contributed

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