

Osborne, Ken (TREASURY)

From: Earl Poleski <epoleski@house.mi.gov>
Sent: Monday, February 15, 2016 9:04 AM
To: Adam Carlson
Cc: Josiah Kissling; Maria Ostrander; Lange, Michelle (GOV); mjshirkey@gmail.com; starrs@michigan.gov; Osborne, Ken (TREASURY)
Subject: RE: SB 136 (Re: Flint \$30MM appropriation) Poleski proposed edits

So, this afternoon, I will draft some language incorporating Adam's comments and my observations. I realize that today is a holiday, but I want to move this language along speedily.

Earl Poleski
64th District State Representative
Office: 517.373.1795

From: Earl Poleski
Sent: Friday, February 12, 2016 3:53 PM
To: Adam Carlson <acarlson@house.mi.gov>
Cc: Josiah Kissling <jkissling@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>; langem3@michigan.gov; mjshirkey@gmail.com; starrs@michigan.gov; osbornek1@michigan.gov
Subject: Re: SB 136 (Re: Flint \$30MM appropriation) Poleski proposed edits

My observations on Adams comments:

I understand and agree with the suggestion with respect to late fees.

As to administrative costs, I fear that those cost may end up being exactly what we allocate to them. Frankly, any accountant who can't administer a straightforward credit to a customer account isn't worthy of the title.

That being said, and in deference to your suggestion, I would suggest language that doesn't specify an amount or percentage; that allows the state treasurer to incur those costs at his discretion; and report the nature of and amount of those costs as part of his quarterly report to the legislature.

Further comments welcomed, with alacrity.

Earl Poleski
State Representative 64th District

On Feb 12, 2016, at 2:30 PM, Adam Carlson <acarlson@house.mi.gov> wrote:

Hey Rep. Poleski (& Others),

This is a pretty good draft from our end with just a couple of things to note. I don't want to speak for Treasury, but I'm not sure if we want to specify in this bill about late fees with such detail. That is for two reasons.

- 1) It has been indicated to me that we may not be able to obtain a significant amount of detail on late fees, or exactly when they were incurred. If it is impossible to separate late fees that

occurred in this time frame from ones that were outside the time frame, the way this amendment is written it might make it impossible to do any reimbursements.

- 2) I think we may be able to, through our Dept. of Treasury, put pressure on the water system to forgive these late fees, since no services were provided that would justify them. If we stipulate in this bill that they must be paid, the water treatment department would not have any incentive to forgive those charges since the state would be reimbursing them for them.

Perhaps for subsection (c) we could change to:

"100% of charges, commonly known as late charges, charged to a system customer relating to unpaid billings, as approved by the State Treasurer".

The other comment is on the administrative fee. Based on our conversations with Treasury, I do not have a supreme level of confidence in the ability of the local water folks to administer this credit program. We may want to consider allowing Treasury to bring in some private sector consulting/accounting assistance to ensure that this is done properly. Perhaps we could change Section 302 (1) to read:

"There shall be no administrative charges retained by the Michigan Department of Treasury to expend the funds in this act. However, the Department may expend up to \$1,500,000.00 (5%) to contract with a third party entity to ensure the proper distribution of funds under this act."

Please let me know your thoughts on these changes.

Thanks,
Adam

Adam Carlson
Senior Budget Advisor
Representative Al Pscholka
79th District, Michigan
(517) 373-1403
acarlson@house.mi.gov

From: Earl Poleski
Sent: Friday, February 12, 2016 8:56 AM
To: Adam Carlson <acarlson@house.mi.gov>; Josiah Kissling <jkissling@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>
Cc: langem3@michigan.gov; mjshirkey@gmail.com; starrs@michigan.gov; osbornek1@michigan.gov
Subject: SB 136 (Re: Flint \$30MM appropriation) Poleski proposed edits

My apology for not having sent this yesterday afternoon as I had said I would.

Attached is a redlined Word document with my suggestions, and incorporates suggestions I got from House personnel and reflects my discussion yesterday with the Governor's and Treasury's people.

Copying Michelle Lange, Senator Shirkey, Scott Starr and Ken Osborne.