



# GETTING HITCHED

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# Detroit Free Press

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## In June, Detroit to shut down 34 schools

Another 60-75 buildings to be closed in 3 years

By CHASTITY PRATT, PEGGY WALSH-SARNECKI AND LORI HIGGINS  
FREE PRESS EDUCATION WRITERS

In what national experts are saying is likely the largest number of schools ever closed by a single district at a single time, more than 10,000 students will be uprooted when 34 Detroit public schools shut their doors in June. The announcement is the most far-reaching event yet in the district's attempts to work its way out of a massive budget deficit. In the next five years, the Detroit Public Schools must cut more than \$560 million in expenses. In the next three years, the

district predicts enrollment will drop by about 40,000 students from its current enrollment of 140,000; another 60 to 75 schools will have to close. "We now have half as many students as we did in 1970 and nearly the same number of buildings," said district Chief Executive Officer Kenneth Burnley. "From a cost standpoint, it doesn't make sense. With these school closings, our district will become more efficient and more effective." Burnley could not say how many people will lose their jobs in connection with the closures, but said closing the schools will save the district about \$10 million next year. Parents will be told in March where their children will attend school next year. But James

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## Granholm plan to balance the budget aims at tax breaks

But her proposals could upset some business owners

By DAWSON BELL  
FREE PRESS STAFF WRITER

For the third straight year, Gov. Jennifer Granholm kept her pledge to avoid raising general tax revenues to balance the state budget. But if you are the owner of a multistate water softener business who likes to go to movies, make international phone calls and buy food from vending machines ... the fact that she is keeping her word on general taxes may be of little comfort. Because you still could get hammered. Granholm's plan presented to the Legislature on Thursday contains myriad minor or boutique tax proposals that are projected to raise \$112 million in the 2005-06 fiscal year, which starts Oct. 1. The administration describes the proposed changes as attempts to rationalize tax policy and eliminate "select tax subsidies." Targeted for elimination are items like the sales tax exemption for some food from vending machines (generally food that's not heated or chilled, plus milk and

Please see TAXES, Page 2A

### BUDGET HIGHLIGHTS

Gov. Jennifer Granholm's proposed \$41.2-billion budget for 2005-06 calls for cuts, increases, and new taxes to avoid \$1 billion in red ink. It would:

- Tax the money physicians charge patients, to help pay for Medicaid.
- Close three State Police posts and one prison for 18-to-20-year-olds.
- Eliminate \$60 million in need-based scholarships for private college students.
- Eliminate \$112 million in tax exemptions.
- Collect money from estates of Medicaid nursing home patients.
- Reduce child care payments for welfare parents.
- Increase funding for schools by \$175 per pupil, with a \$50 incentive for high school students taking college-bound classes.
- Add \$33 million for programs for low-income students.

### MORE INSIDE

- Auster spending plan. **1B**
- In Our Opinion. **8A**

## BEER, WINE WHOLESALERS ARE LIFE OF POLITICIANS' PARTIES

UNDER THE INFLUENCE  
PART 2 OF 3



HUGH GRANNUM/Detroit Free Press

A fleet of new delivery trucks is lined up at General Wine and Liquor, a distributor based in Highland Park.

### Group cuts checks to cover fund-raisers' costs

By JENNIFER DIXON AND VICTORIA TURK  
FREE PRESS STAFF WRITERS

LANSING — Michigan's lawmakers have a friendly place to raise money for their campaigns. It's a basement 2 blocks from the Capitol, a place where the owners not only will pick up the tab for the food and cocktails, but will often make a nice campaign

contribution, too. This is no ordinary bar. It is the 1933 Room in the headquarters of the Michigan Beer & Wine Wholesalers Association, one of the richest and most powerful trade groups in Lansing. The wholesalers know how to keep the party going at 332 Townsend, in view of the Capitol dome, as they help legislators raise tens of thousands of dollars for their campaigns and political action committees.

A Free Press analysis of campaign finance records found that the wholesalers association and some members have hosted at least 83 political fund-raisers for lawmakers from Wayne, Oakland and Macomb counties during the last four years. The lawmakers raised more than \$440,000. The association's political action committee spent about \$63,000 on food, drinks and costs

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### SECOND DAY OF A THREE-DAY SERIES

**WHAT'S INSIDE**  
Nearly every Detroit-area legislator received contributions from beer and wine wholesalers. **Who got what, 6A**

**WHAT'S NEXT**  
**Saturday:** The wholesalers association and its chief lobbyist violated state open-meetings law by going behind closed doors, experts say. For Thursday's installment, go to [www.freep.com](http://www.freep.com).

**BEFORE:** The wholesalers association's old headquarters in Lansing, which was home to the legendary Rathskeller reception room, was torn down in 2003.



Michigan Beer & Wine Wholesalers Association



HUGH GRANNUM/Detroit Free Press

**AFTER:** The new, \$1.8-million headquarters opened last year and houses the 1933 Room, named for the year Prohibition was repealed.

## GM cutting Walgreens as prescription provider

By JEFFREY McCracken  
FREE PRESS BUSINESS WRITER

Calling the 4,700-store-chain "unreliable," General Motors Corp. and its prescription-drug management firm are pulling GM's business from Walgreens as of March 1. The result: GM's 1.1 million employees, retirees and their spouses

and dependents across Michigan and the country who rely on GM for health care won't be able to get their prescription drugs at Walgreens any longer. The dispute pits two of the country's most influential health-care players against each other. GM, which spent \$5.2 billion in cash on health care in 2004, including \$1.5 billion on prescription

► Chrysler profit-share: \$1,500. **1C**  
► From the Chicago auto show: GM cites global disadvantage on health care costs. **1C**

drugs, is the country's largest private buyer of health care. Walgreens is the nation's largest drug-store chain.

Letters went out earlier this month to GM employees, retirees and other dependents from the company GM uses to manage its prescription-drug orders, a New Jersey-firm called Medco Health Services. The letter said Walgreens would no longer be part of the GM network and listed other

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>KNIGHT RIDDER<

INFORMATION FOR LIFE



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Chance of afternoon flurries.  
Jerry Hodak's forecast, **9H** HIGH LOW



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