

Democratic governor signs budget law

Michigan makes drastic cuts to education, social spending

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Michigan governor Jennifer Granholm, a Democrat and close political ally of President Barack Obama, on Friday signed into law a budget for 2009-2010 that drastically reduces state spending on education and social programs.

Michigan was the last US state to formally approve a budget, a result of a standoff between Granholm and Senate Republicans that delayed final passage one month into the state's new fiscal year.

Granholm actually signed six separate budget bills on Friday, bringing the total to 15, which combine to allocate an overall \$44 billion state budget. In this process, Granholm used her line-item veto 70 times to cut spending by a further \$127 million. The largest of these vetoes was a \$51.7 million cut for 39 school districts—mostly in southeastern Michigan—that spend at a higher rate than the state average.

The budget includes not a penny of new revenue from taxation, a victory for the Republicans who control the state senate. For their part, Granholm and the Democrats, who control the lower house, never contemplated an income tax increase on the state's wealthy or taxes on the activities of major banks and financial institutions. Granholm had proposed a series of regressive sales taxes.

The signings appeared to finalize massive cuts to public education averaging \$292 per student for most of the state, and nearly twice as much in the 39 "high-spending" school districts.

Kevin McLogan, a representative of the Michigan

Parent Teacher Student Association (MPTSA), told the *World Socialist Web Site* the cuts would be "devastating."

"A lot of terrible things are going to happen," he said. "There are a lot of districts that are already in tough shape. They will be pushed to the edge of receivership."

"For other schools, there will be lot of cutting around the edges," he continued. "They will curtail busing, after-school programs, community education and alternative education. Some districts will increase the amount of kids in the classroom, institute shorter school years, and force teachers to buy more of their own supplies."

The state will cut by 8 percent its Medicaid contribution to hospitals, clinics, nursing homes, and doctors who treat 1.7 million poor and disabled residents. These cuts will translate into reduced access for Medicaid recipients. "Some nursing homes with a heavy Medicaid caseload may close," the *Detroit News* reports. The cuts to Medicaid mean the loss of hundreds of millions in federal matching funds.

The state of Michigan is now the target of a lawsuit launched on behalf of 400,000 Medicaid recipients whose dental benefits were axed through a Granholm executive order in June. An elderly woman from northern Michigan, Blanche D. LaVire, 76, died as a direct result of Granholm's order. LaVire was to be treated for a grave dental infection in July. She died from complications associated with the spread of the

infection while waiting for emergency paperwork to be approved by the state.

The budget cuts include, among other items:

- Aid to cities and towns down 11 percent, or \$100 million in all. These cuts will result in a new wave of reductions carried out at the local level. Affected will be police and fire protection, libraries, streets, water service, and sewerage.

- A scholarship program, Michigan Promise, providing grants of between \$1,000 and \$4,000 to assist about 100,000 state residents to pay for college. These students will see a substantial increase in their tuition as early as the spring. The elimination of these scholarships was part of an overall 61 percent cut to student financial aid. Also eliminated were state nursing scholarships, the Michigan Work-Study Program, and the Part-Time Independent Student Program.

- A reduction of 0.4 percent for state colleges and universities, which were spared a deeper cut by federal stimulus money targeted to higher education. “Federal stimulus law prevented 2010 cuts to college operations,” noted columnist Peter Luke of *Mlive.com*. “[But] in 2011, Michigan’s 15 public universities will have a giant target on their backs.”

- A \$62 million cut to state mental health services.

Using her veto, Granholm cut deeper than the austerity budget produced by the legislature. The Democratic governor vetoed \$7 million to fund the Michigan State Fair, an exposition held in Detroit that has been an annual tradition since the nineteenth century. In fact, \$6.6 million of the outlay was funded by the fair itself, so Granholm’s veto saves the state a net of only \$500,000.

Granholm also used her veto to cut \$5 million in payments to hospitals that treat the indigent and uninsured patients, funding for a senior food aid outreach project in two counties, and a volunteer health clinic in Bay City.

In signing the bill, Granholm said that Senate Republicans bear responsibility for the savage cuts.

“This is the budget we have, but it is not the budget we need,” the governor said. “It is a budget I don’t agree with and don’t support. It makes cuts that are too deep and are too painful for kids going to college, families keeping their families healthy and keeping their streets safe.”

These protestations are fraudulent. The Democratic Party controls not only the governor’s mansion, but the state house of representatives. There has never been any fundamental disagreement among Granholm, House Democrats, and Senate Republicans over the need to drastically cut social spending. There were only tactical differences over how much this year’s budget should be funded through the federal stimulus package—depleting those resources for next year’s budget—and whether or not to increase forms of the state’s regressive sales tax.

Politicians in both parties are in agreement that this year’s cuts are only the beginning. Unlike cuts made in some earlier recessions, it is generally accepted that the reductions made this year will not only be permanent, but even be deepened in the future. It is estimated that the new budget for 2010, barely a day old, already faces a \$100 million shortfall, not counting the education fund, which is largely funded by the state sales tax. Current estimates put the budget deficit for 2011 at \$750 million.

As the *Detroit Free Press* noted, “Michigan’s budget problems will almost certainly worsen before they improve. Tax revenues are expected to remain flat or decline. Program needs—from welfare to the cost of public employee salaries and benefits—will continue to grow. (Most of the state’s unionized employees are scheduled to get a 3% pay increase next spring.) And about \$1.4 billion in onetime federal stimulus money to balance the 2009-10 books will be gone.”



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