

Michigan's Democratic governor takes lead in cutting 2020 state budget

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21 October 2019

Negotiations over supplemental spending modifications to the 2020 Michigan state budget are stalled between Democratic Governor Gretchen Whitmer and the state's Republican-controlled legislature, following the governor's September 30 approval of a budget with nearly \$1 billion in line-item vetoes from the legislative plan.

According to a report in the *Detroit News* on October 16, Whitmer and the GOP leaders are at a standstill over supplemental spending proposals largely because the Republicans are insisting that the governor guarantee that money in the budget be used as the legislature intended, instead of transferring funds to other departments that fit her own agenda.

Taking the lead on spending reductions, Whitmer said that the September 30 Republican budget was “a mess” and “cobbled together” and then proceeded to redline funding for road and bridge repair, rural hospitals, parents of children with autism and tuition grants for college students among other cuts.

For their part, the Republicans—led by Senate Majority Leader Mike Shirkey (R-Clarklake) and Speaker of the House Lee Chatfield from District 107—packed the budget bill with a series of right-wing measures. Among these are a plan to cut more than \$100 million in education funding if the Michigan Department of Education fails to publish so-called “A-to-F school accountability grades” for schools by March 30, 2020. Another provision would open up to private bidding the passenger rail service between Grand Rapids and Chicago currently operated by Amtrak.

The initial \$59.9 billion Republican budget was voted on by the legislature and presented to Governor Whitmer on September 24, less than a week before the end of the fiscal year. Whitmer, in turn, cut the budget by \$947 million with 147 line-item vetoes and avoided a government shutdown that would have begun on October 1.

As pointed out by Matt Grossman of the Michigan State University Institute for Public Policy and Social Research, state budgets across the nation typically increase annually regardless of which party is in power. Speaking to the

Detroit News, Grossman said, “It would be unusual for a Democratic governor to have produced an overall reduction in the size of government relative to a prior Republican governor.”

Initial talk of a possible veto override was scrapped when Republicans lacked the necessary votes to overturn Whitmer's cuts. The two sides have introduced separate supplemental funding bills—the Republicans have 24 bills worth \$260 million and the Democrats have two bills for an additional \$475 million—but are under no pressure to resolve the disputes since the fiscal year end has already come and gone. As Representative Shirkey said on October 2, “The budget is done.”

According to media reports, Governor Whitmer started working on a budget plan of \$60.2 billion last March that included a proposal to increase the state gasoline tax by 45 cents per gallon in order to fund road, highway and bridge maintenance. The proposal was dead on arrival since the governor could not get the Democrats in the legislature to support it. According to some studies, Michigan has the worst roads and freeways of any state in the US.

Some details of Whitmer's line item veto cuts include:

- **K-12 Education:** \$128 million from the school aid budget, including \$35 million in funding allowance increases for charter schools, \$16 million for career and technical education equipment, \$10 million in school security programs and \$3 million for online algebra and other math programs.

- **Higher Education:** \$38 million in higher education tuition grants for independent and private colleges and \$150,000 for student services for students who are pregnant and parenting.

- **Health Care:** \$40 million in payments to hospitals, millions more in rate increases for pediatric psychologists, neonatologists and private duty nurses, \$1.1 million from

autism funding including the Navigator program that connects families impacted by autism with state services.

- **Rural Michigan:** \$60 million including funds for secondary road patrol programs, the Rural Jobs and Capital Investment Fund, the Michigan Animal Agricultural Alliance and funds in lieu of taxes to counties for state-owned lands.

- **Transportation:** \$375 million in funds for road and bridge repairs, including four bridges that Whitmer personally visited and said required urgent maintenance.

- **Travel and Tourism:** \$37 million in complete elimination of the “Pure Michigan” travel and tourism promotional campaign. Of this cut, Whitmer said, “I’m always going to put public safety... ahead of an ad campaign.”

The impact of these cuts will be felt far and wide throughout the state of Michigan, especially by those who are most in need. Michigan ranks number 16 in poverty among US states, with 1.5 million people, including 420,000 children, struggling to keep a roof over their head, put food on the table or purchase basic necessities such as clothing, shoes and personal hygiene items.

Of the midwestern US industrial states, Michigan has the highest poverty rate of 15.22 percent, with people in both the urban centers and rural areas—such as communities in the Upper Peninsula—facing dire circumstances. Michigan is number 11 on the list of states with the highest incidents of opioid overdose deaths per thousand as of 2017.

The backdrop to the scripted political conflict between Governor Whitmer and the legislative Republicans is the strike by autoworkers at GM that is now entering its second month. The striking GM workers are fighting to reverse decades of concessions, layoffs and factory closures carried out by the auto companies, with the support of both political parties and the UAW, in cities such as Detroit, Flint, Pontiac, Saginaw and Lansing.

While General Motors and the other auto corporations have been making record profits—especially due to significant reductions in labor costs imposed on autoworkers during the federal bailout of the auto industry by the Obama administration in 2009—they have also been given enormous tax breaks by the Michigan political establishment as part of the deal to maintain manufacturing operations in the state.

According to a report in the *Detroit News* from 2015, the state “faces years of budget uncertainty because state leaders

awarded billions of dollars in tax credits mostly to Detroit’s three automakers to save tens of thousands of manufacturing jobs during the Great Recession.” The report went on to say that an analysis of state records shows that GM, Ford and Fiat Chrysler are entitled to “refundable tax credits worth nearly \$4.5 billion if they maintain 86,000 jobs in Michigan through 2032.”

As part of the recent deal between the city of Detroit, the state of Michigan and Fiat Chrysler for redevelopment of several auto plants and the construction of a brand new assembly facility on the grounds of the former Chrysler Mack Avenue works in Detroit, the state’s Michigan Strategic Fund granted \$400 million in grants and payroll tax rebates to the company.

With her spending “standoff” with the Republicans and a billion dollars in budget cuts, it is clear that the Democrat Whitmer is continuing the bipartisan assault on the jobs, living standards and social conditions of the working class in Michigan that has been underway for the last four decades.

The fraud of Governor Whitmer’s progressive credentials—based exclusively on identity politics because she was the first woman to be chosen as minority leader of the Michigan Senate Democratic caucus in 2010—has been demonstrated quickly in her first year as governor. During the campaign leading up to the 2018 elections, Whitmer and others claimed she was uniquely positioned to attract voters from the “progressive left” and “reasonable right.” Those supporting Whitmer for Michigan governor included the UAW, which endorsed her early on in March 2018, falsely claiming she was “on the front lines fighting for working people in Michigan.”



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