

## **Talking Points**

### **Governor Jennifer M. Granholm's 2007 Executive Budget**

#### **General Overview**

- ◇ The fiscal year 2007 executive budget proposal proves, once again, that we can be fiscally responsible and live within our means while investing in our future.
- ◇ The budget reflects the Governor's comprehensive plan to grow our economy, and give everyone in Michigan the opportunity for a good life.
- ◇ The Governor's budget implements critical pieces of her comprehensive plan to create jobs today and jobs tomorrow in Michigan.
- ◇ The Governor's budget increases our investment in education to make sure our children have the resources and tools they need to succeed in the 21<sup>st</sup> century economy.
- ◇ The Governor's budget makes health care more accessible and affordable for Michigan citizens.
- ◇ The Governor's budget protects our middle class way of life, the quality of life that people have worked so hard to build.
- ◇ Governor Granholm believes that a state that can balance its books and maintain a high quality of life is a state that will attract businesses and jobs
- ◇ Governor Granholm's budget continues the practice of prioritizing expenditures and tax subsidies to focus spending on those activities that deliver results that matter most to Michigan citizens.

#### **Living Within Our Means**

- ◇ Governor Granholm has cut more from state government spending than any Governor before her and resolved more than \$4 billion in budget deficits. At the same time, she has invested in the things that matter most to the people – and the future – of our state.
- ◇ The Governor's budget maintains her strong commitment to fiscal integrity. It includes \$127 million spending cuts.
- ◇ The Governor's budget, like the three before it, provides the most essential state services in the most cost-effective way possible.

## **Talking Points by Budget Category**

### **Governor Jennifer M. Granholm's 2007 Executive Budget**

#### **Investing in Education**

- ◇ The Governor's budget increases the per pupil foundation allowance by \$200 per pupil directed into the classroom to ensure that schools have the resources they need to help our children succeed.
- ◇ With this \$362 million increase for schools, Michigan will invest more in our children's education than at any other time in the state's history.
- ◇ The budget includes \$15 million for a new after school program for middle school students to focus on math, science, and computer technology – critical skills for success in a 21<sup>st</sup> Century economy.
- ◇ The Governor will invest more in early childhood learning increasing the Great Start preschool programs by \$36.5 million (or 40 percent) for total funding of \$125.1 million.
- ◇ The Governor also proposes \$50 million to address problems districts are experiencing with declining enrollment by smoothing the funding formula and preventing steep declines in school funding. Over 40 percent of the state's school districts will benefit from these payments.
- ◇ The vision and hearing screening programs were restored to full funding (\$5.2 million) but funded through the School Aid budget.

#### **Growing Our Economy:**

- ◇ Governor Granholm will invest \$194.3 million in state support for projects at institutions of higher learning throughout the state. Not only will this mean an immediate infusion of jobs in the state, but it will help move towards the Governor's goal of doubling the number of college graduates in Michigan.
- ◇ In addition, the Capital Outlay budget calls for \$100 million in funding as an incentive for local units of government to partner with the private sector, state government and other units of government on significant economic development projects that foster job creation.
- ◇ The budget invests \$10.8 million for the Michigan Opportunity Partnership, which will grow jobs in the health care industry.
- ◇ \$1.5 million to fund the Regional Skills Alliances to help job seekers get the skills necessary to fill jobs in their local community. This represents a \$650,00 increase.
- ◇ A \$34.8 million increase in funding for public transportation to improve the mobility of Michigan citizens – which will help the economy.
- ◇ Beginning later this year and continuing in 2007, the DLEG will collaborate on a new Jobs, Employment and Training (JET) pilot to provide services to long-term recipients in order to reduce poverty and welfare dependency. The JET pilot is expected to save the state about \$11 million in the coming year.

- ◇ The Capital Outlay budget includes \$22.1 million to construct the new Rosa Parks Integrated Transportation Campus in Detroit and a new transportation service center in Oakland County.

### **Expanding Access to Higher Education:**

- ◇ The overall budget proposal invests \$2 billion to help reach our goal of doubling the number of college graduates in Michigan.
- ◇ To attract and retain 21<sup>st</sup> century jobs we must ensure that every Michigan student has access to higher education. The Governor calls for an increase of \$34 million, or 2 percent, for the state's colleges, universities, and community colleges.
- ◇ The budget calls for a two percent increase for the state's three major research universities – Michigan State University, Wayne State University and the University of Michigan. For the other 12 state universities, the Governor calls for a one percent across the board increase, with an additional one percent increase to be distributed through a formula that rewards degree completion, accessibility, affordability, and outreach to low-income students (in accordance with the Cherry Commission).
- ◇ The budget provides a two percent increase for all of the state's community colleges.
- ◇ Governor Granholm's budget includes nearly \$230 million for scholarships and student financial aid programs. It fully funds the Michigan Merit Award Scholarship at \$127.7 million.

### **Health Care and Human Services:**

- ◇ As the Governor announced in her State of the State address, the Michigan First Healthcare Plan will provide access to affordable insurance coverage to 550,000 people. The plan will help small business employees, the self-employed and the working poor who do not have access to employer-based insurance and who do not qualify for government programs. Upon federal approval, the state will gain \$200 million in new federal funding to use with existing state and local dollars as a new match.
- ◇ The Governor's budget maintains critical Medicaid and Human Services programs despite the challenging economic times. The Governor will fight to ensure that the most vulnerable citizens in this state continue to receive the care they deserve.
- ◇ Governor Granholm has called for a wage increase for home health care workers who provide critical care for the elderly and disabled persons in their own homes. Many of these workers are only making \$5.15 an hour.
- ◇ The budget also includes \$374 million for the Family Independence Program, which provides basic cash assistance for nearly 78,000 low-income families.
- ◇ The budget recommendation includes \$47.9 million to continue the MICHild program, which provides low-cost health care coverage for 34,000 children in the state.
- ◇ Also included in the budget proposal is: \$2.7 billion for mental health and substance abuse services; \$1.2 billion for food assistance to over 526,000 families; \$136.6 million for energy and weatherization assistance; \$265 million for the child support program; \$207 million for foster care; and \$94 million for various programs for senior citizens.

### **Protecting Our Environment:**

- ◇ The budget includes an additional \$22 million to improve the state's parks – one of the largest tourist attractions our state has to offer.
- ◇ The Governor's budget also includes: \$61.2 million for environmental clean up activities; \$45.1 million for water quality monitoring; \$81.1 million to manage the state park system; \$42.8 million to support forest management; \$7.6 million for bovine TB monitoring; and \$61.8 million to support agricultural programs at Michigan State University.

### **Keeping our Families Safe (Hometown Security)**

- ◇ The Governor's budget includes \$128.9 million to support nearly 1,110 state troopers and \$27.9 million in the Michigan State Police forensic science program.
- ◇ The budget maintains \$12.4 million for the Michigan Commission on Law Enforcement Standards (\$1.9 million general fund); and \$10.9 million for fire protection grants.
- ◇ For the first time in 21 years, there is no new funding for additional prison beds in the budget.
- ◇ It includes \$12 million for the Prisoner Re-entry Program and \$138.4 million in federal Homeland Security funding.

### **Better Government:**

- ◇ Better government means keeping the budget balanced, providing fast and friendly service to all citizens, cutting red tape, and wisely managing state government.
- ◇ The Governor's budget maintains \$1.1 billion in revenue sharing payments to local units of government.

## Potential Attacks

### 1. The Governor is raising taxes and fees when she should be cutting more to balance the budget.

Since taking office, Governor Granholm has cut more waste from state government than any other Governor before her. She has resolved over \$4 billion in budget shortfalls; and cut nearly \$3 billion from the budget. She continues to run state government in the most cost-effective and efficient way possible.

If we were to cut more from the general fund (which is where we would have to cut), we jeopardize health care services for the most vulnerable; funding for higher education; and public safety initiatives. The Governor believes that we must maintain these basic services in order to maintain our quality of life and attract job providers.

### 2. Closing tax expenditures are just tax increases by another name.

Our tax code contains 182 tax expenditures that cost the state over \$30 billion per year. These tax expenditures represent spending the state makes through the tax system rather than the annual budget. The Governor believes that these expenditures – or loopholes – should be examined each year to determine their effectiveness and to ensure they are delivering results to the citizens of this state.

The Governor's budget recommends closing 15 loopholes in order to save the state \$111 million. Ten of these have already been agreed to by the Legislature – but have not yet been eliminated. The Governor believes closing these loopholes is a much higher priority than cutting funding to education, health care services, and funding for public safety.

### 3. The Governor says higher education is a priority, yet she cuts funding for scholarships

The Governor has merged the Tuition Grant Program with the State Competitive Scholarship. An additional \$29.5 million is provided for the Competitive Scholarship (bringing the total to \$63.6 million).

Undergraduates who are currently receiving a tuition grant will continue to get the competitive scholarship – at the \$1,300 level. All undergraduates, whether they attend a public or private institution, are eligible for the competitive scholarship.

In addition to this, the Governor has proposed a new Merit Scholarship that would award every student \$4,000 for college. Once this is passed, students could be eligible for both the new Merit and the competitive scholarship.

### 4. Raising the liquor license fee is a tax increase on businesses.

The last time these fees were increased was thirty years ago. Since that time, inflationary costs to regulate the licensing and enforcement of liquor laws has increased 253 percent in that time.

### 5. This budget does nothing except continue the trend of funding welfare and health care at the expense of our economy

The Governor has never waived from her commitment to protecting the safety net for our state's more vulnerable citizens, but that commitment has not come at the expense of other priorities. The Governor's bold, aggressive economic plan is already at work diversifying the state's economy and creating jobs. The Governor's budget is a critical part of implementing that plan.

6. There is nothing in this budget to help the city of Detroit

The Governor's budget reflects her commitment to helping all of Michigan's cities, including Detroit. Detroit Public Schools will benefit from the increase in per pupil funding and the declining enrollment funding. Detroit students will benefit from the increased funding for early childhood education and after-school programs in math and science. The Governor has proposed increasing funding for mass transit and Wayne County Community College will receive funding for a major capitol outlay project.