

Talking Points on the State Budget Crisis for Contacts with State Legislators

Union members need to talk with House and Senate members about the state budget crisis. Both Democrats and Republicans should be lobbied because all legislators need to hear the message that the cycle of cuts must end and revenue must be raised. The solution must not only solve the immediate budget crisis but also restore an adequate, fair and stable revenue structure to Michigan. Here are some key points of information that can be helpful when you are talking with your legislator. Highlighted are the principals that any budget deal must incorporate.

1. The Legislature Must Act Quickly on Solving This Problem

- Michigan has a \$900 million deficit left to resolve for the current fiscal year that is half over. The fiscal year started October 1, 2006.
- The longer they wait to fix the problem, the more painful the solution will be for us all. This is harming Michigan's public services and its business climate.
-

2. The Budget Has Already Been Cut

- Since 2001, the state has dealt with \$9 billion worth of deficits. \$4 billion has been cut from the budgets while the remaining \$5 billion of these deficits have been fixed with one time revenue sources, accounting gimmicks and fee increases.
- Funding for local governments, including local police and fire, has been cut by \$625 million. There are 1,600 fewer police officers in the state than on 9/11.
- Public schools have had their funding cut. There have been two prorated cuts to the foundation grant and additional cuts made to programs like adult education, totaling more than \$500 million.
- State government employs fewer people today than it has at any time since the early 1970's and is serving 1 million more citizens. Over the years state employees have gone without pay increases and had furlough days to help the state balance its budget. These workers continue to do more work for less pay. Privatization/outsourcing of state programs is not an acceptable solution.

3. Business Must Pay Its Fair Share of Taxes

- The previous legislature voted to eliminate the Single Business Tax (SBT) by the end of 2007. That action alone will lose the state \$2 billion in revenue each year and has helped create Michigan's current budget crisis.
- Prior to totally eliminating the Single Business Tax, the legislature had been rolling back the SBT rate as well as giving new tax breaks and exemptions to various businesses. All of this has impacted the state budget.

- Two-thirds of all Michigan businesses do not currently pay the Single Business Tax. For a long time now the manufacturing sector of our economy has carried more than its fair share of the business tax burden in this state.
- The insurance industry in Michigan, on the other hand, has the 4th lowest rate in the country.

4. We Need New Revenue

- The state cannot grow its way out of this structural deficit.
- Michigan must invest in its people and infrastructure if we are going to maintain this state as a great place to live, work and do business.
- The economy of the 21st Century is knowledge based. That's why we need to invest in our universities, community colleges and public schools.
- We need job retraining programs to help those who have lost their jobs find work in the changing economy.
- Michigan isn't a high tax state. Other states have higher taxes – but they also have higher personal incomes. That's because they have the necessary money to invest in their citizens.
- New sources of revenue must be found to bring in at least \$3.5 billion (this includes the replacement of the Single Business Tax) to continue the current level of programs and services.
- The plan put forth by the Governor met these key principals

Stress the four above key principals with the legislator and then just listen to what they have to say. By the end of the conversation, you should be able to answer the following questions about the legislator's position with regard to the state budget crisis:

Did he/she agree that the cycle of cuts must end?

Does he/she support the need for new revenue?

What other new sources of revenue is he/she willing to consider?

After you have spoken with both your state representative and state senator, please let your CAP Coordinator know what the position(s) of the legislator(s) you spoke with is on these various budget questions. This will help them to plan a follow-up meeting with that legislator if additional information is needed or to try to further lobby him/her for support of the four key principals.

Please encourage your co-workers to also contact their legislators on this important subject.