

Michigan lawmakers prepare sweeping cuts in social services

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Michigan lawmakers approved a one-month operating budget in the early morning hours on Thursday, averting a shutdown of state government services and preparing the way for major cuts to social spending and education.

The government closed down for about two hours, starting at 12:01 a.m., after Senate Republicans refused to pass the interim budget and send it to Democratic Governor Jennifer Granholm. The brinkmanship was such that Granholm warned 51,000 state employees not to show up for work on Thursday should no budget be approved.

Lawmakers now face a November 1 deadline to meet a \$2.8 billion deficit for the coming fiscal year.

With no budget formally passed, state agencies and local governments, including school districts, are uncertain over how much money they will ultimately receive. "School districts are now a quarter of the way through the school year, and they have no idea what their funding amount is going to be," Michigan Education spokesman Kerry Birmingham said.

The central dispute has been over how much to supplement spending cuts through increases in regressive taxes, and how much federal stimulus money to use this year.

The budget that is likely to pass will meet the deficit almost entirely through spending cuts. In spite of the fact that Democrats control the House and the governor's mansion, the budget has been largely dictated by Senate Republicans.

"The budget agreements largely reflected a budget plan passed by Senate Republicans in June, which cut spending by about \$1.2 billion and used \$1.4 billion in stimulus," the *Detroit Free Press* notes.

The spending cuts ultimately enacted will have a devastating impact in a state where the official

unemployment rate is nearly 16 percent, where one in every four children lives below the poverty line, and where last year 1.6 million residents used state food assistance.

Unlike in previous recessions, the cuts made this year to social spending will not be restored. Lawmakers say that the next fiscal year will require additional spending cuts, but that the most savage reductions will be made in 2011-2012 when federal stimulus money runs out.

How deeply Lansing will cut funding for public education has not been determined. The House defeated a proposal that would have cut funding by \$218 per student for all school districts, which, if enacted, would have threatened operations at schools across the state. However, enormous cuts are almost certain.

Per-capita spending on students was the subject of a *Wall Street Journal* article on Thursday, which noted the Detroit public school system's desperate efforts to entice students to appear at school for "count day" by offering food and merchandise.

Enrollment at Detroit public schools has fallen by about one half in less than a decade, from nearly 160,000 in 2001 to just under 84,000 this year.

Michigan's cities, towns, and counties are likely to face state funding cuts of over 11 percent. These reductions will result in cuts to services typically provided by local governments, including the maintenance of roads, sidewalks, sewerage systems, snow removal, library funding, and fire and police protection.

The Senate budget proposes an 8 percent cut in Medicaid reimbursements to doctors and hospitals. Medicaid is the public health insurance program for the poor jointly funded by federal and state governments.

The practical effects of such a cut would be to further discourage doctors and hospitals from treating those

with Medicaid, and shunting the poor off to “low budget” health care providers.

The House Democrats’ proposed health care cuts are equally reactionary. They would impose a 4 percent cut to Medicaid reimbursements, and a 3 percent sales tax on physician services.

The current budget proposals would eliminate the Michigan Promise scholarships, which provide modest financial assistance—up to \$1,000—for low-income residents to attend the state’s colleges.

State legislators plan to eliminate completely Michigan’s Department of History, Arts & Libraries, and overall funding for public libraries is to be slashed by 40 percent.



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