

BUDGET UPDATE
FY 2009-10 FINAL?????
as of Nov 1, 2009

Summary

Last week Governor Granholm signed the last six budget bills supposedly completing work on the Fiscal Year budget. In Michigan, the Governor has a “line item veto” and the Governor used that power on over 70 lines among the various budget bills. That line item veto power means the Governor can sign the bill and still remove portions of it. However, her power is limited. She may only *remove* items from the bill, she cannot add to it. Further, she can only strike out money items. This means she can strike any line appropriating funds in (usually in section 1 of the bill) and she can remove “boilerplate” sections that explain the use of funds appropriated *only if* the amount necessary can be calculated. In latter case, the calculated amount is removed from the bill along with the instructions. The Governor’s major line item vetoes in each budget are outlined under the Department summaries below.

In her letters returning the signed budget bills with an explanation of her line item vetoes, the Governor has also included a number of comments on the bills. She has indicated sections of boilerplate that she believes in unenforceable under the Constitution and she has noted certain boilerplate sections that are unenforceable as they express only non-binding legislative intent.

Governor’s vetoes/proration letter demonstrate need for quick Legislative Action on Revenues

When Governor Granholm signed the K-12 budget passed by the Legislature which cuts the school foundation grant by \$165 per student, she also line item vetoed \$54 million including 20j funding to the state’s highest spending school districts. The next week, she announced that another \$127 CUT per student is required by law if the legislature does not provide additional funding within 30 days.

Overview

The Legislature has passed all the budget bills based on an “all cuts” approach devised by Senator Majority Leader Michael Bishop (R-Rochester) and supported by House Speaker Andy Dillon (D-Redford Twp.) over the objection of a majority of the House Democratic caucus and without the support of the Senate Democratic minority.

Both Houses of the Legislature voted to implement the ruinous Dillon-Bishop “all cuts” budgets and to cut School Aid by \$165 per student (with no funding for at least \$100 million of that appropriation). Michigan AFSCME urged the Governor to use her veto power to limit the negative effects on public services and the people who provide them. However, with the exception of the school aid budget, most of the line item vetoes exercised by the Governor are not likely to move the very obstinate Republican Senate to reconsider the cuts they have long advocated. Further the Governor could only cut more; she could not legally add an appropriation. The Governor has called for revisiting four major budget areas and has called for increased revenues to assure adequate resources. Those four areas are:

- *Revenue Sharing to local units of government*
- *K-12 school aid*
- *Medicaid*
- *Promise Grants*

While Michigan AFSCME agrees with the Governor, we are concerned that other areas of the budget are also underfunded and are greatly concerned that next year’s budgets will see even larger cuts as a result of our antiquated tax structure, a lagging economy and the loss of federal stimulus dollars.

HIGHLIGHTS OF APPROPRIATIONS BILLS AND STATUS

- Community Colleges: The Community Colleges budget is a repeat of the current year budget. In a year in which budgets are being slashed as a result of dwindling revenues and the Dillon-Bishop budget deal, this is a major victory. Michigan AFSCME congratulates Rep. Fred Miller (D-Mt. Clemens), chairperson of the House Appropriations Community College Subcommittee and the Community College Conference Committee, for his work on this important budget which is designed to provide funding for the college system that is so important in the critical effort at training and retraining our workforce for the jobs of the future. Fred continues to be a true friend of workers, always taking our concerns, views and needs into account just as he did as Chairman of the House Labor Committee last term. We will miss him when he is term limited after the 2010 election.

The House and Senate have completed work on the community college budget and the bill has been signed into law by Governor Granholm with no line item vetoes.

- Military and Veterans Affairs: Losses in state general fund support for the Veterans Homes in Grand Rapids and Marquette are expected to be covered by new federal dollars. Restrictions on privatization were lost and a study of “efficiency” was included

but the Department is unlikely to look to privatization. Veteran Service Organizations are facing cuts the first half of the year and are required to bid on their grants for the second half.

The House and Senate have completed work on the budget and the bill has been signed by the Governor with no line item vetoes.

- Judiciary: The bill is less controversial than most as it is a small budget and the cuts are therefore relatively small as well. Funding for Mental Health Court pilots lost general fund support but federal grant dollars have been identified to continue the pilots. A number of other advances are lost for the time being due to the severe revenue shortfall caused by the recession.

The House and Senate have completed work on the budget and the bill has been signed by the Governor with no line item vetoes.

- K-12: The House and Senate Conference Committee (composed of Reps. Terry Brown, George Cushingberry, Chuck Moss, and Sens. Ron Jelinek, Cameron Brown, Michael Switalski) made a unanimous but disturbing recommendation for the 2009-10 school aid budget. The First Conference Committee proposed:
 - CUTTING the foundation grant to every school district in the State of Michigan by \$218 PER STUDENT.
 - CUTTING funding for Intermediate School Districts by nearly 45%.

The Michigan Legislature continues to cut the funds necessary for education in the state, even though President Obama and the Democratic Congress sent more than a billion dollars to prevent that from happening. In fact, the funding level in the First Conference Report was so low that it was within dollars of the minimum required to qualify the State for those federal dollars. The House rejected the First Conference Report and a new conference committee was established. The new conference committee was made up of the same members of the House and Senate as the first conference committee (conferees are chosen by Speaker Dillon and Majority Leader Bishop). They reported a Second House Conference report with a number of changes including:

- CUTTING the foundation grant to every school district in the State of Michigan by **\$165 PER STUDENT** – less of a cut than the First Conference Report but a cut that still threatens the solvency of many school districts throughout the state.
- CUTTING funding for Intermediate School Districts by 20%
- limits on flexibility in spending to only those school districts that comply with a plan to consolidate services to be determined by the State Superintendent of Schools
- extensive public disclosure of specific areas of spending

The 2nd Conference Report was adopted on October 8th just before midnight by both Houses. The vote in the Senate was mainly along Party lines with only one Democratic voting in favor (Sen. Michael Switalski) and all Republicans voting yes. The House voted as follows:

Yeas -- 66

Democrats (25): Angerer, Bledsoe, T. Brown, Byrnes, Cushingberry, Dean, Dillon, Durhal, Espinoza, Gonzales, Griffin, Hammel, Lahti, LeBlanc, Leland, Lemmons, McDowell, Melton, Polidori, R. Schmidt, Simpson, Slezak, Spade, Switalski, Womack.

Republicans (41): Agema, Amash, Ball, Bolger, Booher, Calley, Caul, Crawford, Daley, Denby, DeShazor, Elsenheimer, Genetski, Green, Haines, Hansen, Haveman, Hildenbrand, Horn, Rick Jones, Knollenberg, Kowall, Kurtz, Lori, Lund, Marleau, McMillin, Meekhof, Meltzer, Moore, Moss, Opsommer, Pavlov, Proos, Rogers, W. Schmidt, Schuitmaker, P. Scott, Stamas, Tyler, Walsh.\

Nays – 42

Democrats (40): Barnett, Bauer, L. Brown, Byrum, Clemente, Constan, Corriveau, Coulouris, Donigan, Ebli, Geiss, Gregory, Haase, Haugh, Huckleberry, Jackson, Johnson, Robert Jones, Kandrevas, Kennedy, Lindberg, Lipton, Liss, Mayes, Meadows, Miller, Nathan, Neumann, Roberts, B. Scott, Scripps, Segal, Sheltroun, Slavens, Smith, Stanley, Tlaib, Valentine, Warren, Young.

Republicans (2): Pearce and Rocca.

Absent: Bennett and Nerat.

The Governor signed the bill with an additional \$54 million cuts through line item vetoes. She has since announced a “proration” of another \$127 cut per student. The effect of the line item vetoes and proration put Michigan in non-compliance with the federal maintenance of effort provisions and therefore jeopardize all ARRA (federal stimulus money). That potential loss of federal stimulus funds may be avoided through a waiver process or through the adoption of sufficient revenues to reverse the disastrous cuts.

- Higher Education: The House Senate Conference Committee recommendation eliminates the Michigan Promise Grant and work-study programs and drastically reduces scholarship programs. Congratulations to Chairperson Joan Bauer (D-East Lansing) and

Senator Jim Barcia (D-Bay City) who voted NO and refused to sign the conference committee report. Voting yes were all the Republican members of the committee and House Appropriations Chair George Cushingberry (D-Detroit).

The House adopted the Conference Report narrowly (57 to 51 with 56 votes necessary for passage). The Senate passed the bill with the minimum 19 votes necessary to 18 votes against. A yes vote was a vote to eliminate the Promise Grant, eliminate work-study programs and put a college education out of reach for many middle class men and women. All Republican members of the Senate voted yes except Sen. Bruce Patterson who voted no. All Democratic members of the Senate voted no. Members of the House voted as follows:

Yeas—57

Democrats: Espinoza LeBlanc Hammel McDowell Meadows Clemente Melton Simpson Cushingberry Spade Switalski Dillon Lahti

Republicans: Agema Amash Genetski Lori Proos Pearce, Ball Green Lund Rocca Bolger Haines Marleau Rogers Booher Schmidt, R. Calley Hansen McMillin Schmidt, W. Caul Haveman Schuitmaker Hildenbrand Meekhof Scott, P.Crawford Horn
Jones, Rick Meltzer Slezak Daley Knollenberg Moore Denby Kowall Moss Stamas DeShazor Kurtz Opsommer Pavlov Walsh Elsenheimer

Nays—51

Democrats: Angerer Durhal Kennedy Scripps Barnett Ebli Leland Segal Bauer Geiss Lemmons Sheltroun Bledsoe Gonzales Lindberg Slavens Brown, L. Gregory Lipton Smith Brown, T. Griffin Liss Stanley Byrnes Haase Mayes Tlaib Byrum Haugh Miller Constan Huckleberry Nathan Valentine Corriveau Jackson Neumann Warren Coulouris Johnson Polidori Womack Dean Jones, Robert Roberts Young Donigan Kandrevas Scott, B.

Republicans: Tyler

The Governor signed the bill with no line item vetoes.

- Department of Energy, Labor and Economic Growth: The Conference Committee report makes the following changes from current law:
 - reduces the Michigan Nurses Corps dramatically restricting the program designed to train new nurses to meet the demand in one of the few job classifications likely to grow;
 - cuts welfare to work job training and retraining;
 - adds funding for new operations resulting from the transfer of some of the functions that were previously provided by the now abolished Department of History, Arts and Libraries;
 - reduces state funding of the No Worker Left Behind

- maintains MIOSA (the Senate had proposed returning responsibility for occupational health and safety to the federal government)

Both houses of the Legislature adopted the budget and the Governor signed the bill with line item vetoes of several small local projects.

- Agriculture: Portions of the budget are contingent on new fee increases (migrant housing and dairy inspection) which have not yet been adopted.

The House and Senate have completed work on the budget and the Governor signed the bill but vetoed a number of line items. Among other things, the Governor vetoed funding for horse racing and the racing commissioner arguing that these programs should be self sufficient. The Governor indicated that she would sign additional appropriations for the industry from funds generated by the industry.

- Department of Corrections: The Conference Committee on the Corrections Budget cuts the Department's budget about \$40 million more than the Governor's already reduced funding level. The bill gives most of the decisions over the way in which to make those cuts back to the Department. No further privatization is included but the prisons that were expected to close as a result of the Governor's budget are still expected to close. The bill closes three prisons (Standish, Muskegon, and Hiawatha) and demands that the Department cut spending to the tune of \$841 per prisoner. With the amount of additional money being cut, the State may be forced to close an additional prison though no change in sentencing or parole policies have been implemented. That could cause unsafe conditions for prison employees.

The House and Senate have completed work on budget the Governor signed the bill subject to a number of line item vetoes. One of the more interesting uses of the line item veto was demonstrated in the budget bill. As constructed the bill appropriated funds to the Department and then included a negative line item veto in the amount of \$40 million requiring the Department to make the cuts. By vetoing this line, the Governor in effect added back the \$40 million to the budget. She instructed the Department to make \$20 million in cuts instead. She also vetoed funds for the jail reimbursement program objecting to new restrictions imposed by the Legislature. That issue will need to be revisited.

- General Government: The General Government appropriations bill contains funding for a number of state departments but also contains the very important appropriation for revenue sharing with city and township government. It is this last point that is the most concerning. The Dillon-Bishop target agreement resulted in a budget that cuts revenue sharing by over \$100 million (more than 11%). With 40 to 50 cities, including the City of Detroit, on the brink of bankruptcy or insolvency that decision is of great concern to AFSCME members whose jobs are on the line. House General Government

Subcommittee Chair Fred Durhal did not sign the conference committee report and voted against the bill.

The Senate approved the report on a party line vote (Republicans for; Democrats against). The House narrowly approved the bill. Members of the House voted as follows:

Yeas—56

Democrats: Dillon Angerer Ebli Lahti LeBlanc Espinoza Byrnes Hammel McDowell Simpson Slezak Melton Spade Cushingberry

Republicans: Agema DeShazor Kowall Opsommer Amash Kurtz Pavlov Pearce Ball Elsenheimer Proos Bolger Lori Rogers Booher Genetski Lund Schmidt, W. Haines Marleau Schuitmaker Calley Scott, P. Caul Hansen McMillin Constan Haveman Meekhof Crawford Hildenbrand Horn Meltzer Stamas Daley Jones, Rick Moore Tyler Denby Knollenberg Moss Walsh

Nays—52

Democrats: Barnett Gonzales Lemmons Scott, B. Bauer Lindberg Scripps Bledsoe Gregory Lipton Segal Brown, L. Griffin Liss Sheltroun Brown, T. Haase Mayes Slavens Byrum Haugh Meadows Smith Clemente Huckleberry Miller Stanley Corriveau Jackson Nathan Switalski Coulouris Johnson Neumann Tlaib Dean Jones, Robert Polidori Valentine Donigan Kandrevas Roberts Warren Durhal Kennedy Womack Geiss Leland Schmidt, R. Young

Republicans: Green Rocca

Governor Granholm signed the bill signed the bill but vetoed a \$1.2 million appropriation to prepare for redistricting as premature, funds to continue the State Fair (which means the oldest state fair in the nation will probably end) and money for two local business incubators. While she expressed concern over the lower level of revenue sharing funds she chose to sign the revenue sharing line item in hopes of supplementing the appropriation at a later date rather than force a bigger crisis now. She indicated that she considered restrictions on procurement and no-bid contracts as contrary to the provisions of the Management and Budget Act and indicated that the Management and Budget Act would continue to control.

- Department of Human Services: The Conference Committee report on the DHS Budget bill reduces the already meager rates paid to relative care providers. For the first time, the bill specifies maximum hourly rates per child for centers, family home providers, group home providers, relative care providers and day care aides. The geographic disparity in rates (through “shelter areas”) has been eliminated. Maximum hourly rates will be determined based on the age of the child and the type of provider as follows:
 - Centers
 - for children under 2 ½ years of age: \$3.75 per child per hour
 - for children 2 ½ years of age and older: \$2.50 per child per hour
 - Family home care providers and group home providers
 - for children under 2 ½ years of age: \$2.90 per child per hour

- for children 2 ½ year of age and older: \$2.40 per child per hour
- Relative Care Providers and Day Care Aides (regardless of age of the child)
 - for providers who complete 10 hours of training: \$1.85 per child per hour
 - for providers who do not complete 10 hours of training: \$1.60 per child per hour.

The budget also continues the move toward privatization in juvenile justice, foster care and adoption services. While state workers and essential state programs are cut, *administrative per diem rates* for private providers are *increased!*

The Senate approved the Conference Report (all Republicans except Sen. Patterson voted for; Democrats against.) The House approved the conference report by a vote of 69 to 39. Members of the House voted as follows:

Roll Call No. 468 Yeas—69

Republicans: Agema DeShazor Kowall Pavlov Amash Kurtz Pearce Proos Ball Eisenheimer Rocca Rogers Bolger Genetski Schmidt, R. Booher Green Lori Schmidt, W. Lund Schuitmaker Haines Marleau Scott, P. Calley Caul Hansen McMillin Haveman Meekhof Hildenbrand Crawford Horn Meltzer Stamas Daley Jones, Rick Moss Tyler Knollenberg Opsommer Walsh Denby

Democrats: Dillon Angerer Donigan Lahti LeBlanc Bledsoe Espinoza Leland Lemmons Brown, T. Griffin Byrnes Hammel Mayes Scripps Simpson Constan Slezak Corriveau Melton Spade Cushingberry Jackson Moore Tlaib Dean

Nays—39

Republicans: none

Democrats: Barnett Gregory Liss Sheltroun Bauer Haase McDowell Slavens Brown, L. Haugh Meadows Smith Byrum Huckleberry Miller Stanley Clemente Johnson Nathan Switalski Coulouris Jones, Robert Neumann Valentine Durhal Kandrevas Polidori Warren Ebli Kennedy Roberts Womack Geiss Lindberg Scott, B. Young Gonzales Lipton Segal

The Governor signed the bill but line item vetoed several components including:

- **An appropriation for a privatized study of procurement practices;**
- **A branded Medicaid card for Family Independence Program payments;**
- **Temporary Assistance for Needy Families (TANF) federal funds for reporting requirements of certain programs;**
- **Half a million dollars for competitive grants to advance Earned Income Tax Credit (EITC) outreach;**
- **\$250,000 to coordinate Bridges and LEIN network efforts to detect individuals with criminal justice disqualifications for public assistance;**
- **local pilot projects;**
- **privatized fatherhood initiative and marriage initiative projects;**
- **funds for in-home efforts to prevent out of home placement for child care;**
- **certain indigent burial funds;**
- **before and after school programs for K-9 students;**

- **funds for the Michigan after school partnership;**
- **half a million for a customer service outreach;**
- **half a million dollars for a privatized child support collection effort to recoup TANF funds;**
- **money for day care grants and service projects, family group decision-making, and communities in schools;**
- **additional adoption support subsidies;**

She further indicated that a proposed change in the method of splitting the cost of child care with counties is an unconstitutional amendment by reference of certain statutes and therefore invalid.

Governor Granholm also expressed concern about the legislative directive to close Nokomis and community juvenile justice centers. She does not however have the power to add money to the bill but we will continue to advocate for a supplemental or for transfers.

The Governor did not veto mandated increases for private foster care providers arguing that it would have been necessary to veto the entire amount appropriated for this purpose and she did not veto nor did she express any legal concerns in regard to the new mandated rate structure for child day care providers.

- Department of Transportation: Transportation (MDOT, roads, and public transportation funding) are all funded out of restricted funds. There are no general funds left in this budget to cut and have not been any for a number of years. But transportation funding continues to decline as the largest revenue source is the gas tax. As people drive fewer miles and get better fuel economy that source of revenue declines. This will be the third year in a row for such declines and we will not doubt fill the pain.

The House and Senate have completed work on the budget and the bill has been signed by the Governor with minor line item vetoes.

- Department of Education: The Conference Committee on the Department of Education reported a bill without Chairperson Terry Brown's support – the second report to come out of conference over the objection of the Conference Committee Chair. The State Library and aid to local libraries have been transferred to this bill as a result of the elimination of the Department of History, Arts and Libraries. Local library cuts are a particular sticking point.

Both houses have approved the budget and the bill was signed into law by the Governor with no line item vetoes.

- Department of Natural Resources/Department of Environmental Quality: By a vote of 68 to 40 the House adopted a conference committee report that fails to properly fund environmental protection. State wetlands protections are likely to be lost. The Senate adopted the bill on a vote of 21 to 16 with Republicans in support except for Sen. Garcia who voted no and Democrats in opposition except Sen. Barcia who vote yes.

The House and Senate have completed work on the budget and the bill was signed by the Governor with 5 line item vetoes.

- State Police: In a budget that cuts in so many areas vital to public safety, limiting the executive proposal to 7 rather than the 12 layoffs proposed by the Executive Budget recommendation seems like a victory. 1 Capitol Security Police officer has relocated and we will see another 4 laid off but have maintained the Capitol Security Policy at the Capitol Building.

Both houses of the Legislature have adopted the budget and the Governor signed the bill. She objected to the Legislature's decision not to fund the school bus inspection program and ordered the Department of State Police to continue the program with other funds within the budget. Now the Department has decided to lay off the Capitol Security Police (also AFSCME Local 5 members) which were partially spared after intense lobbying to preserve their jobs.

- Community Health: Despite a valiant effort by Chairman Gary McDowell (D-Rudyard) to push for improvements in the Dillon-Bishop targets, the conference report on the Community Health budget bill threaten the health (physical and mental) of Michigan people and jeopardize senior citizens across the State. Among other things the bill:

 - Annualizes the cuts made to non-Medicaid mental health services first introduced by Governor Granholm's Executive Order 22 making availability of mental health services for many people who need them badly;
 - Concurs in the Governor's proposal to completely close the Mt. Pleasant Center. Even though in patient services are sorely needed the State will spend over \$2 million to maintain the campus while leaving it vacant.
 - Cuts room and board for needy persons 18 years of age and older residing in inpatient substance abuse centers who do not qualify for SSI.
 - Eliminates respite services for children with severe emotional services and their families.
 - Slashes the Healthy Michigan Fund
 - Drastically cuts services to senior citizens including such vital programs as senior nutrition and meals on wheels.
 - Assumes new fees for parents of children with special health care needs.
 - Continues the Executive Order 4% cut to Medicaid providers and elimination of optional Medicaid services and imposes an *additional* 4% cut to Medicaid

providers. This total 8% reduction in Medicaid provider rates jeopardizes hospitals and nursing homes and likely will make access to health care for many out of reach. (The bill would restore the additional 4% provider rate reduction by increasing the QAAP fee on those entities and matching that increased fee with federal funds but additional legislation is required.)

- Assumes savings by moving mental health drugs to a formulary. Additional legislation is needed to implement this change.

The Conference Committee report was approved in the Senate with all Republican members voting yes except Sen. Bruce Patterson who voted no and all Democratic members voting no. The House adopted the report by a vote of 56 to 52. The House voted as follows:

Yeas – 56

Democrats: Angerer, Dillon, Durhal, Lahti, Espinoza, Brown T., McDowell, Clemente, Hammel, Simpson, Constan, Spade Cushingberry

Republican: Agema, Denby, Jones, Rick Opsommer, Amash, DeShazor, Knollenberg, Pavlov, Kowall, Pearce, Ball, Kurtz, Proos, Bolger, Elsenheimer, Rocca, Booher, LeBlanc, Rogers, Genetski, Lori, Schmidt, R., Calley, Green, Lund, Schmidt W., Caul, Haines, Schuitmaker, McMillin, Hansen, Meekhof, Crawford, Haveman, Meltzer, Stamas, Hildenbrand, Moore, Tyler, Daley, Horn, Moss, Walsh

Nays – 52

Democrats: Barnett, Gregory, Lipton, Scripps, Bauer, Griffin, Liss, Segal, Bledsoe, Haase, Sheltrown, Brown, L., Haugh, Mayes, Slavens, Byrnes, Huckleberry, Meadows, Slezak, Byrum, Jackson, Melton, Smith, Corriveau, Johnson, Miller, Stanley, Coulouris, Jones, Robert, Nathan, Switalski, Dean, Kandrevas, Neumann, Tlaib, Donigan, Kennedy, Polidori, Valentine, Ebli, Leland, Roberts, Warren, Geiss, Lemmons, Scott, B., Womack, Gonzales, Lindberg, Young

Republicans: Marleau, Scott, P.

The Governor signed the bill expressing concerns about the severity of provider and program cuts and the likelihood of achieving assumed savings upon which the budget is built. She line item vetoed:

- **expansion of the state prescription drug website designed to help consumers locate lowest prices;**
- **a local programs;**
- **2 traumatic brain injury pilot programs;**
- **disproportionate share Medicaid programs**
- **the Nurse Family Partnership Program**
- **an Early Childhood Collaborative Secondary Prevention pilot project**

REVENUE BILLS

The important services provided by the State need money and revenues continue to fall as a result of more and more unsuccessful tax credits and a down economy. Layoffs beget layoffs and wage cuts mean tax revenue shortfalls as lower pay means lower income tax payments and less spending means less sales tax revenue – two of the budget's primary funding sources. Looking for different ways to raise money continues to elude lawmakers. Both the Governor and Senate Democratic Leader Mike Prusi have called for closing tax loopholes and called for increased taxes on tobacco products and bottled water. They have also supported taxing estates of more than \$2 million dollars.

The House passed three bills designed to encourage new revenues. One bill raises a tax (QAAP) on doctors that would be matched nearly 3 to 1 with new federal Medicaid revenue allowing for increased Medicaid rates for Doctors who provide services to Medicaid recipients, elimination of more than ½ of the proposed cut in Medicaid rates for hospitals and nursing homes and restoration of Medicaid optional services. A second bill would freeze the personal exemption in the income tax to allow for partial restoration of revenue sharing, the Promise Grant scholarship program and some of the other reductions made in the Dillon-Bishop "all cuts" budget. The third bill does not provide any new revenue but is hoped to be used as a "vehicle" bill to eliminate some of the loopholes in the Michigan Business Tax. The bills are given little chance in the Republican controlled Senate.

The Senate has passed legislation to limit the Earned Income Tax Credit and use the money to help pay for the \$100 million shortfall in the School Aid budget bill, make small restorations in the Dillon-Bishop "all cuts" budget and accelerate cuts in the Michigan Business Tax surcharge – thereby using money from workers who make low wages to cut business taxes further!

September revenue reports were even more discouraging showing drastic reductions in income, sales tax and business tax revenues resulting primarily from the continued recession.