



Advocates for poor say 'enough is enough,' Michigan's budget is 'moral statement'

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LANSING -- A coalition of social service advocates says proposed cuts to balance the 2010 budget would shred an already tattered safety net for Michigan's poor.

Calling the state budget a "moral statement" of Michigan values, Paul Long of the [Michigan Catholic Conference](#) said Wednesday that "enough is enough. Michigan's population of vulnerable people cannot sustain any further budget cuts."

Executive order cuts approved in May reduced Medicaid provider payments by 4 percent.

A month later, the state Senate approved an 8 percent reduction for 2010. The GOP-run Senate also slashed state aid to community mental health agencies, reduced day-care payments for the working poor, trimmed monthly welfare grants and clothing allowances and cut employment training programs.

The proposed reductions are on top of a decade's worth of social service cuts as Gov. Jennifer Granholm and the state Legislature have grappled with annual budget deficits, said Sharon Parks, president of the [Michigan League for Human Services](#).

In the 25 years prior to 1996 when stringent new work requirement rules were put in place for welfare families, Parks said two-thirds of Michigan children living in poverty were in households receiving welfare. That percentage has since dropped to one third.

Parks also opposed freezing the state's new earned income tax credit for low-income families, which would save an estimated \$180 million in 2010.

The cost-savings idea is on the table as Granholm and legislative leadership struggle to close a combined budget gap of \$2.7 billion in general state services and K-12 school aid.

"There are plenty of other places to go," she said, referring to a Michigan tax code that contains \$35 billion in tax breaks and other exemptions for individuals and business.

Granholm last month suggested that such tax expenditures could be shaved to raise money.

Most of the \$1.2 billion in budget cuts passed by the Senate in June were in social services.

Terms of the nearly \$6.7 billion in federal stimulus money flowing into state government this year and next, barring cuts to another favorite target for lawmakers: higher education.

The Oct. 1 start to the new fiscal year leaves less than eight weeks to complete a 2010 budget which Granholm first proposed in February.

One problem is the gap between revenues and proposed spending widens by the month as tax collections tank.

A \$1.4 billion deficit in the 2009 fiscal year will be covered through a combination of cuts and federal economic stimulus money.

The 2010 budget may have to be similarly balanced because there appears to be little appetite for raising taxes, such as doubling the 12-cent tax on a six-pack of beer that House Democrats this week said wasn't worth the \$43 million it would raise given the political cost.

Granholm's proposal to tax smokeless tobacco and cigars at the same level as cigarettes, generating \$45 million, has yet to receive a legislative hearing.

Advocates like the Catholic Conference aren't the first to complain about budget cuts.

Physicians and hospitals are opposing further cuts in provider rates. Local governments are objecting to the Senate's \$160 million cut in state aid to local governments. The [Michigan Library Association](#) objected to Granholm's plan to turn the State Library of Michigan over to the state Department of Education.

Given the freefall in revenues this year as business slumps and the unemployment rate rises, cuts are inevitable and social services are the biggest cost-drivers in the budget, said Matt Marsden, Senate Republicans spokesman.

"We have to balance the budget. We have no choice," he said.

"At some point, you can't spend money you don't have."

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