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**Iris Salters: Labor Voices**

## Two extra pennies can save Michigan

### Granholm's tax plan helps economy and helps avoid devastating cuts



Two pennies on the dollar. That's what Gov. Jennifer Granholm says it will take to turn Michigan's economy around and help close a nearly \$3 billion budget hole.

The Michigan Education Association backs the governor's budget proposal, which includes a call for a 2 percent tax on services like lawn care and a new business tax to replace revenue lost with the repeal of the Single Business Tax. Her plan provides the right balance between investment, budget cuts, reforms and revenue increases.

Years of tax breaks and loopholes for big business have failed to produce the economic turnaround that tax-cut proponents promised. Instead, we've seen a stalled economy, job losses, fewer state services and continued threats to school funding.

### Break from status quo

You can't just keep doing what you've always done and expect different results.

The governor's plan avoids devastating mid-year cuts to schools and shows Michigan citizens that education is the foundation of our state's future.

Other proposals that ignore schools have dire consequences: A January survey released by the Michigan School Business Officials found that if the Legislature reduces state funding by a projected \$224 per student, about 120 districts would go into deficit by the end of this school year. Even a \$100 per-pupil cut would put about 60 districts into the red.

State budget experts project that the proposed tax on services would generate almost half a billion dollars in this fiscal year and another \$1.5 billion in the 2008 fiscal year.

### Tax hike is investment

It is by no means a panacea. It's an investment from each one of us -- two cents on the dollar.

That's why this plan will work only if we invest the new revenue where we'll get the most out of our collective sacrifice and investment. What better place to start than in our schools?

Dollar for dollar, investing in K-12 public education will create more jobs than would an equal amount in tax cuts or spending on any other major sector of the economy.

A 2 percent increase in public education funding generates 3,900 new jobs and \$92 million in new personal income, according to Richard Sims, former director of the Institute on Taxation and Economic Policy, who did a study for the National Education Association. That's more than twice what an equal tax cut generates -- only 1,500 new jobs and \$41 million in new personal income, according to Sims.

Talk about return on investment.

Investment in education today will lead to jobs tomorrow. Michigan's economic future depends on high-tech jobs and the highly skilled workers they require. Companies like Google are drawn to Michigan for a high quality of life and a world-class public education system -- not just tax breaks.

### Create savvy work force

The governor's plan will give us the tech-savvy work force we need. But we have to make that two-penny investment to fund the schools that will get our children ready for the new economy.

We also must continue to find new ways to increase efficiency and cut costs without hurting our children. Already, MEA members in local school districts have agreed to lower-cost health plans and paying more out-of-pocket, resulting in more than \$250 million in health care savings for school districts during the past two years.

### MEA open to change

We are open to more change, including the governor's proposal to adjust how school districts calculate contributions to the school employee retirement fund. That change will save \$185 million this year alone.

Instead of investing in our economy, there are those in the Legislature who are pushing for more tax breaks for

business, arguing that this will lead to a much-needed economic boom. It'll restart our economy, they say. We've tried that. It didn't work.

It is time for our lawmakers to work with our governor to solve Michigan's financial crisis -- now. Not leave it for future lawmakers to fix.

What we do know is that we cannot cut our way out of this budget crisis. We also can't solve it through more tax loopholes and tax cuts for businesses.

Let's instead invest in what really matters: our children.

We support the governor's budget plan. You should, too. Tell your legislators to do the same.

*Iris Salters is president of the Michigan Education Association, a union that represents teachers and education support staff. Mail comments to Editorial Page, 615 W. Lafayette, Detroit, MI 48226, or fax to (313) 222-6417 or e-mail to [letters@detnews.com](mailto:letters@detnews.com).*

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### **Labor Voices**

Labor Voices columns are written for The News on a rotating basis by United Auto Workers President Ron Gettelfinger, Teamster President James Hoffa, Michigan AFL-CIO President Mark Gaffney and Michigan Education Association President Iris Salters. The News hopes to provide a forum for discussing workplace issues that are critical to a large segment of Michigan's population, whether or not they are union members. Look for Labor Voices every Friday in The Detroit News.

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