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No more ineffective tax breaks

Incentives fail to create promised jobs, deny schools the stable funding promised under Prop A

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Some pundits and legislators recently have placed the blame for Michigan's budget crisis squarely on the shoulders of public employees -- and, in many cases, public school employees.

Apparently, they are operating under the mistaken notion that teachers and other school staff set tax and spending policies for the state of Michigan.

Perhaps a history lesson is in order.

Michigan did not get into this financial fiasco because of teacher pay or the dwindling number of support staff who still receive health benefits.

Our state is in this mess because of 20 years of failed tax policies -- policies that many of those same columnists and legislators wholeheartedly endorsed. Policies that have cost this state tens of thousands of jobs. Policies that mean that 95 percent of school districts today are worse off than they were 10 years ago.

When Proposal A was passed by voters in 1994, it was a promise -- a promise to homeowners that they would see relief from the burden of school millage increases *and* a promise to schools that they would all receive comparable, stable funding for the future.

It was a promise that was quickly broken.

Within weeks after Proposal A was enacted, then-Gov. John Engler and the Legislature began pushing through 31 tax breaks on the very revenue sources that were supposed to fund public schools. In other words, they promised schools would get money from sales tax, then quickly began exempting lots of things from being taxed at all. In some cases, they also gave businesses huge tax breaks at the expense of a generation of Michigan students.

But that was just the beginning. For two decades, Michigan citizens have been told that if we just offered more incentives to businesses and required corporations to pay less in taxes, they would bring high-paying jobs to our state and lead us down the path of financial prosperity. Instead, these businesses took our tax breaks and produced little in return.

But how would we know? We never required proof of any of any real economic impact. And when business lobbyists came asking for more, our lawmakers again and again lived by the "lower taxes equals more jobs" mantra.

Only it didn't work. Today, Michigan's unemployment rate teeters near 16 percent. More than half of all college graduates leave skid marks when fleeing for employment opportunities elsewhere. So many homes have been foreclosed that neighborhoods have been decimated. And public school funding has become a political war where our kids are the unintended casualties.

So forgive me if I seem taken aback by what conservative lawmakers and pundits are proposing we do to pull ourselves out of this crisis. Do they want us to scale back incentives that aren't working or make sure that everyone pays their fair share? No, under the guise of "a new direction," the same tired refrain is shouted -- offer more tax breaks to corporations and businesses. Like carnival barkers, they try to deflect attention from real solutions to push an agenda where some companies bear little or no responsibility for the services we all benefit from -- police protection, safe roads and, yes, good public schools.

You've heard the saying, "Those who cannot remember the past are condemned to repeat it." We've repeated it long enough, Michigan. It's time to say no more.

No more tax breaks that don't produce jobs. No more incentives that mean you and I pay more and big business pays less. No more corporate bailouts at the expense of the rest of us.

Haven't we had enough?

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Additional Facts

Labor Voices

Labor Voices columns are written 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. Look for Labor Voices every Wednesday in The Detroit News.

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