

## The TEF Premise:

In the new, knowledge-based global economy, investing in public education – our human capital – provides a greater return to our economic prosperity than tax cuts and subsidies.

## The TEF Promise:

If we create a fair, stable and equitable tax structure, combined with sensible economic development policies, then we will achieve an adequate and equitable funding system for public education.

Doing so will result in an equal educational and economic opportunity for Michigan's children.

## The TEF Goal:

To convince policymakers, the media and the public that investing in public education, through a tax system that is fair, stable and sensible, is an investment in the future which will have a far greater return to Michigan than any other economic policy.

*"There is no greater return to an economy or to a society than an educational system second to none."*

— John F. Kennedy

## TEF: Investing In Our Future

It is our responsibility to guarantee that all children have the equal education and economic opportunity needed to achieve the American dream.

To that end, we must work toward:

- A fair, sensible and stable tax system.
- A level economic playing field for all businesses, large and small.
- Adequate, equitable funding for public education.

For additional copies of this brochure or for more information on TEF, contact Teri Battaglieri, 800-292-1934 or [tbattaglieri@mea.org](mailto:tbattaglieri@mea.org).

# TEF

## Investing In Our Future



**MEA**

Michigan Education Association



[www.mea.org](http://www.mea.org)

P.O. Box 2573, East Lansing, MI 48826-2573 517-332-6551 or 800-292-1934

Iris K. Salters, President • Steven B. Cook, Vice President  
Peggy McLellan, Secretary-Treasurer • Lu Battaglieri, Executive Director

**Tax Structure**  
**Economic Development Policies**  
**Funding for Schools**

# Our current tax structure is:

## • NOT Fair

On average, the poorest 1 percent of Michigan households pay about \$13 out of every \$100 of income in state and local taxes. The richest? About \$5. Reversing those numbers would generate \$2.5 billion in additional revenue.

The share of taxes paid by corporations as a percentage of their profits has declined 50 percent over the past 20 years.



## • NOT Stable

During good economic times, states consistently cut fair and stable taxes such as income and property taxes. In bad economic times, they turn to unfair and unstable regressive taxes – like lotteries, sales taxes and “sin” taxes – to try to make up for financial shortfalls.

Such regressive taxes not only put more burden on lower income groups, but also make the revenue system increasingly unpredictable.



## • NOT Sensible

States—including Michigan—are “giving away the store” in the name of economic development.

Nationwide, state tax subsidies, cuts, incentives and abatements offered to businesses and corporations in exchange for job creation have an annual price tag of more than \$50 billion.

These incentives are often offered with no strings attached, no accountability, no recourse and no results.

These giveaways are creating winners and losers by giving a competitive edge to businesses that get them.

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In 2006 alone, Michigan’s state and local economic development giveaways totaled well in over \$929 million.

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# We can do better:

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Dollar for dollar, an investment in public education has a far greater return than tax subsidies, tax breaks or other corporate tax giveaways.

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- America’s economy will grow by \$309 billion if all high school students graduate.
- Each \$1 invested in preschool education provides an economic return of \$7.
- A high school graduate’s contribution in income tax revenues would result in savings of \$37,388 in health care costs and \$167,990 in crime costs over a lifetime.

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There is an inseparable link between investing in education and a healthy economy.

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With 23 million high school dropouts between the ages of 18 and 67:

- The economy loses \$192 billion yearly in income they’ll never earn and state and federal taxes they won’t pay.
- That’s 1.6 percent of the gross domestic product.
- Lost lifetime earnings totals of almost \$12 billion.



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In 2006, more than 45,000 Michigan students did not graduate.

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That means:

- \$750 million in health care costs would be saved had they earned diplomas.
- Households would have \$2.2 billion more in accumulated wealth.
- \$3.7 billion would be added to the economy by 2020 if students of color graduated at the same rate as white students.
- A combination of savings and revenue of more than \$280 million in reduced crime spending and increased earnings if the male high school graduation rate increased by just 5 percent.