



## State Budget Has Low-Hanging Fruit, Too

By Michael D. LaFaive

### Summary

Michigan's 2015 fiscal year budget is more than \$52 billion. Fiscal Policy Director Michael LaFaive points out more than \$146 million of that in General Fund monies that should be cut or shifted to pay for more pressing needs, including shoring up the school employees' underfunded pension system to fixing roads.

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In previous publications this year I have outlined ripe areas for making deep cuts to the state budget, including \$300 million in savings from Michigan's corporate welfare complex and another \$419 million-plus by eliminating or redirecting statutory revenue sharing. Savings in these areas should be channeled to more pressing needs.

Other big savings exist in Michigan's fiscal 2015 state budget total of \$52.3 billion, but so too do smaller line items that add up. Consider just a few that total \$146.8 million that could be adopted or adapted to save real money starting Oct. 1. (Note: all dollars are from the state General Fund unless otherwise specified.)

Higher Education — Performance funding for universities: \$74.6 million. This represents additional funding designed by the Snyder administration to persuade university leadership to adopt what it considers valuable outcomes, such as the awarding of STEM degrees and tuition restraint. These are laudable goals, but we argue the money could be better spent elsewhere.

Higher Education — AgBioResearch and Michigan State University Extension: \$59.6 million. Mackinac Center analysts have called for striking these two appropriations from the state budget since 1996. The first conducts research relating to agriculture industry. The second supports 4-H programs and conducts other educational work — such as teaching people how to freeze dry foods. This line has also included money to help finance research for Michigan's agriculture industry, such as investigating whether or not China is a good export market for blueberries.

Public research to benefit Michigan's for-profit agricultural industry is — like other corporate welfare programs — unnecessary. If such research is advantageous to the industry it should self-fund. Education programs like the ones advanced by MSU extension could also be created by private individuals or groups. The Internet is a wonderful tool for bringing together people interested in expanding their knowledge.

Community Health — Mental Health Services for Special Populations: \$8.8 million. This line item targets interest groups by cultural background: Chinese and other Asian Americans, Hispanics, Jews and Vietnam veterans. Money flows to representative institutions such as the Jewish Federation and "Hispanic/Latino" commission, according to the non-partisan House

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The state budget is full of low-hanging fruit that could be better spent.

Fiscal Agency. At a minimum, state aid for something as serious as mental health services should not be targeted at specific groups.

Human Services — Multicultural Integration Services: \$1.9 million. This line item specifically targets subsidies to Michigan’s Arab-Chaldean Council and Arab Community Center and Jewish Federation for “social programs in Southeastern Michigan.”

General Government — Hispanic/Latino commission of Michigan and Asian Pacific American affairs commission: \$366,400. These two line items help “promote the diverse interests of Hispanics in Michigan” among other items and [study] “the status of …” “promote the needs of” and [recognize] the accomplishments of” including discrimination toward Asian Pacific Americans. This appropriation supports the work of two full-time equivalent state employees.

Targeting specific favors for particular ethnic, religious or other groups over others is unfair. Why stop with these groups? Why not subsidies for Orthodox Greeks, Maronite and Opus Dei Catholics, Michigan Ghostbusters, Detroit Drunken Historical Society, Michigan Protectors or the Hillsdale-Lenawee witches coven for that matter?

Community Health — Substance Abuse Grant to Salvation Army Harbor Lights: \$713,292. This program takes resources from families and filters it through an expensive bureaucracy in the hope it might help select individuals and institutions.

One-time Appropriation (Section 106) — Michigan International Motor Speedway: \$831,900. MIS receives a “one-time” subsidy each year to provide traffic control around the venue. This is another in Michigan’s vast array of corporate welfare subsidies which should be eliminated. An expense such as this should be shouldered entirely by the business enjoying its benefits.

Seeing this and other line items in the state budget reminds me of a quote attributed to the famous French author Frédéric Bastiat: “Government is the great fiction through which everybody endeavors to live at the expense of everybody else.”

All of these are just a few of the many cuts and reforms that could be made to Michigan’s budget in the coming year. The savings could be used for everything from shoring up the Michigan school employees’ underfunded pension system to cutting the personal income tax and fixing the state’s roads.

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