



## Budget Cutting Ideas Abound

By Michael LaFaive

### Summary

This is the third in a series by Fiscal Policy Director Michael LaFaive detailing millions of dollars in spending the Legislature should cut from the state's budget. You can find the previous two commentaries at [Mackinac.org/20552](http://Mackinac.org/20552) and [Mackinac.org/20498](http://Mackinac.org/20498).

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Spending by Michigan's state government has gone up in nine of the past 10 years. It has risen more than 30 percent, from \$40.0 billion in the 2005 fiscal year to \$52.3 billion this year. With the state's economy now on the mend it is past time to start reversing this trend.

There is no shortage of good ideas for doing so. In recent months the Mackinac Center for Public Policy has offered reform and cost cutting suggestions worth \$2.1 billion. Either the current "lame duck" Legislature or the new one that takes office in January should review this work and start enacting measures that save taxpayer money. These savings could be used to shore up underfunded pensions, improve roads or even ... wait for it ... cut taxes.

Legislators don't have to limit their savings search to Mackinac Center ideas. During Gov. Granholm's time in Lansing, the State Budget Office and a special commission each produced separate reports describing a total of 234 ideas for trimming \$1 billion in gross spending, and another \$3 billion in General Fund savings reforms, respectively.

The first of these reports was called "Charting a Way Forward: A Path Toward Fiscal Stability for the State of Michigan." The second was dubbed the "Mystery Document" for its lack of pagination, such as title or named author. Both are available online. In addition, in March 2011 several Michigan groups convened a symposium to discuss reducing prison spending by \$500 million.

Here are a few more ideas for reforming the budget, old and new.

- Eliminate or reduce the taxpayer subsidies for the University of Michigan's Ann Arbor campus: \$279.2 million.

UM-Ann Arbor is a magnet for grants, gifts and affluent students from all over the world; it can get along quite well on its endowments and tuition revenue.

- Replace Michigan State Police road patrols with less expensive county sheriffs: \$25.5 million.

In this scenario the state would provide grants for far less costly county sheriff's deputies to replace far more costly state troopers in this role. When the Mackinac Center first proposed this idea in 2003 we estimated savings of \$65 million, which included corresponding overhead reductions. In 2010 the State Budget Office proposed a less expansive version with savings of \$25.5 million, which we will adopt for this essay.

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Ending subsidies to the University of Michigan-Ann Arbor, which attracts grants, gifts and affluent students from all over the world, would save taxpayers \$279 million.

- End Agriculture Industrial Welfare Subsidies: \$4.6 million.

Subsidies for agribusiness come at the expense of other Michigan families and employers. Line items to be eliminated include “agriculture development” (\$1.6 million) and a “food and agriculture industry growth initiative” (\$1.0 million). This last item also appears to have received an extra \$2 million in “one-time” subsidies elsewhere in the state budget that should be cut.

- End Renaissance Zone reimbursement to community colleges: \$3.5 million.

The state’s Renaissance Zone program draws little boxes around select areas in which politicians choose to grant special property tax breaks, some of which come out of the hide of community college tax districts. This program has wandered far from its original mission, and increasingly amounts to little more than corporate welfare for favored areas or industries. Maybe if community colleges didn’t get the money back they would pressure lawmakers to ditch the cronyism.

- End “Health and Wellness” initiatives: \$3.3 million.

This line item provides a smorgasbord of government spending on various health-related initiatives. The savings figure is an estimate of General Fund savings for 2015.

- Merge House and Senate Fiscal Agencies: \$1.8 million.

Both chambers of the Legislature maintain their own agencies to provide fiscal analysis of legislation and related products. Somehow, neighboring states Ohio, Illinois and Wisconsin get by with one such agency. If merging the two shaved 25 percent off the cost the savings would total \$1.8 million.

- End Legislature “Association Dues” Payments: \$437,100.

If lawmakers want to make junkets to meetings of the National Conference of State Legislatures and similar groups they can spend less of their office budgets on districtwide “newsletter” mailings and redirect the savings to this purpose.

These ideas are worth more than \$311 million. Budget reforms are available if lawmakers have the courage to embrace them.

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