

# Making the cut

## Readers prioritize state budget spending

By ROGER WINGELAAR  
Of The Oakland Press

Readers recently asked us to give them a forum to talk about where to cut the state budget. The request came after the Legislature chose to balance the budget mostly by raising taxes.

On Oct. 14, we published a state budget

worksheet that included 15 possible areas where the state could cut spending, and included a brief explanation of how the cut would affect services and how much could be saved. The 15 choices offered possible savings of \$1.64 billion — the approximate amount of the state's budget shortfall.

The response was phenomenal.

We received more than 145 letters and faxes, in addition to 270 e-mails.

The high number of responses is surprising, but even more surprising is the level of effort that readers put into the worksheets.

One might expect that taxpayers, angry

PLEASE SEE WORKSHEET/C-4

Below are the percentages of votes to cut each item as suggested by the Mackinac Center for Public Policy.

### Higher education funding

**91%**  Change the higher education funding mechanism to a standard "per-pupil foundation grant" in which the money is attached to the students, rather than each university getting an amount determined by legislative maneuvering. As colleges were forced to compete for students, they would "sharpen their pencils," rein in costs and eliminate the kinds of inefficiencies highlighted in recent audit reports. If the effect was that costs fell by just 5 percent, the savings would be: **\$70 million.**

### Michigan State Police

**72%**  Shift state police road patrols to less expensive county sheriff deputies. With benefits and related expenses it costs more than \$100,000 per year to employ a state trooper; most sheriff deputies cost much less to employ. Effect on public safety: Zero. Savings: **\$65 million.**

### Public school health insurance

**92%**  Adopt the Hay Group report recommendations on rationalizing public school health insurance, including requiring co-pays and preferred provider networks. This could save: **\$422 million.**

### MSU cooperative extension service

**58%**  Eliminate the Michigan State University cooperative extension service and agriculture experiment station to save: **\$61 million.**

### 21st Century Jobs Fund

**88%**  The original version of this list recommended halting the so-called "21st Century Jobs Fund" before it borrowed and spent \$400 million. It's too late for that now: All but \$33 million was spent before the 2006 election, and taxpayers will be repaying the debt for decades. At the very least, the bleeding can be slowed — \$75 million of what is being characterized as a "\$1 billion state deficit" is new borrowing for this boondoggle. Skip it and save: **\$75 million.**

### Privately managed prisons

**85%**  According to a Rio Grande Foundation report, if 5 percent of prisoners are placed in privately managed prisons, the state saves 14 percent on overall prison spending because government-managed prisons have an incentive to "sharpen their pencils." Savings: **\$192 million.**

### Eliminate history, arts subsidies, cut libraries

**52%**  Eliminate "History and Arts" subsidies, and cut state library subsidies in half: **\$35 million.**

### Trim ISDs

**80%**  In 1999 the Citizens Research Council noted that "a number of changes have occurred over the past decade that have reduced the need for intermediate school districts." Let's help the ISDs catch up by reducing their operations grants: **\$32 million.**

### Wealthy school district cuts

**62%**  Cut so-called "20" payments to affluent schools in half. This extra money is a political response to the fact that under Proposal A, certain wealthy school districts benefit less from per-pupil state foundation grant increases than other districts. (They still benefit, though.) Savings: **\$26 million.**

### Cut transit funding in half

**80%**  Cut transit funding in half. By eliminating protectionist regulations that restrict alternatives, empty buses driven by public employee union members can be replaced by private sector innovations such as jitneys, commercial van pools, "call-and-ride" services, car-sharing and more. This will improve service for transit users at a much lower cost: **\$112 million.**

### Repeal prevailing wage law

**81%**  Repeal the "prevailing wage" law that requires above-market rate wages be paid on school construction projects: **\$150 million.**

### Schools privatize non-core functions

**77%**  Schools can realize huge savings by privatizing noncore functions like transportation, food service and custodial. Many have already done so: The Mackinac Center's most recent survey of school privatization shows that 38.5 percent of school districts already have a competitive contract in place for one of these functions. Some idea of the magnitude of these savings can be seen in the experience of one district that saved the equivalent of \$177 per student by contracting out for its custodial needs. Statewide, similar savings would add up to \$300 million annually! In the short term, it would not be unreasonable to expect: **\$65 million.**

### Reduce Merit Award Scholarships

**75%**  Reduce the Merit Award Scholarships by 50 percent. Shockingly, at the governor's request, the Legislature just did the opposite and increased these non-need-based college scholarships by \$64 million annually beginning in 2010. When families face economic hard times, the first thing they do is cut luxuries. This is a luxury Michigan can no longer afford: **\$60 million.**

### Cut Medicaid and welfare

**72%**  The state spends almost \$15 billion on Medicaid and welfare, more than \$6 billion of which is from state taxes and fees. Medicaid in particular is a command-and-control monstrosity rife with perverse incentives. Reforming it in ways that give recipients an incentive to economize and take better care of themselves could save hundreds of millions of dollars, while actually giving recipients greater freedom and choice. If just 1.6 percent of the expense in these two programs could be reduced in this way, the state would save: **\$240 million.**

### Cut state worker pay and benefits

**92%**  Thousands of private sector workers have given back painful wages and benefit concessions to save their jobs. The average state employee receives salary and benefits worth nearly \$75,000, compared with approximately \$58,000 in the private sector. Comparisons of specific job classifications produce similar comparisons. State workers should be grateful for their much greater job security and benefits, and more than willing to assume some of the burden through concessions. **\$300 million.**

# WORKSHEET

FROM PAGE C-1

about the increased taxes, would check off all of the 15 areas where spending could be cut. This would take little time.

What we found, however, is that very few people took the short way out. Most sat down and studied the 15 choices and then selected those that they would cut and those that they would protect.

Many respondents then went further to add lengthy additional suggestions where spending could be cut. Many included notes indicating why they thought some of the items were useful and some were wasteful. And many included letters criticizing lawmakers for failing to take similar pains in doing the budget work in Lansing.

The high level of involvement

with this worksheet is, we think, indicative of the level of interest readers have in their government. It also runs counter to the claims by politicians that spending issues are too complicated for average citizens.

The amount of time that over 400 Oakland Press readers put into this exercise shows how much people care about government waste.

This invitation to complete the exercise and to share observations with us is not a scientific survey of opinion. But the number of responses and the thought readers put into their suggestions does show how strongly people feel. They are pretty clear in saying that their interests are not reflected in the budget deal.

And this brings us to the most interesting aspect of the worksheets that readers shared with us: What they think is important does not correlate very well with what Lansing thinks is important.

With this article, we have reprint-

ed the original worksheet and with it, the percentage of respondents who felt it was important to cut a particular item.

This is surprising in a number of ways.

The very highest number of respondents who wanted to protect a state program from spending came close on two unusual items. The MSU cooperative extension service and agriculture experiment station appear to be very popular — with 42 percent saying they would spare this \$62 million. Even more popular are the history and arts subsidies and state library subsidies — 48 percent of respondents said they would protect this \$35 million.

On the other end of the spectrum, very few respondents had much interest in protecting spending on public school health insurance or state worker pay and benefits. In both cases, 92 percent of respondents said cut these programs and

save — \$422 million by requiring co-pays and preferred provider networks for school employees, and \$300 million for seeking from state workers the kinds of wage and benefit concessions that private employers are getting from their employees.

One surprising note here, the number of respondents who also wanted to change the higher education funding mechanism to a standard “per-pupil foundation grant” was nearly as high — at 91 percent in favor of saving \$70 million by making this change.

Other items that found relatively low support were: 21st Century Jobs Fund, with 88 percent in favor of cutting the program, and the state prison system, with 85 percent in favor of turning at least 5 percent of prisoners over to private business.

Roger Wingelaar is presentation editor of The Oakland Press. E-mail him at [roger.wingelaar@oakpress.com](mailto:roger.wingelaar@oakpress.com).