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Introduction

While it is tempting to launch immediately into a discussion of budget numbers, it is important to step back and remember that, at its core, the budget of the State of Michigan is about people. This analysis of the state budget attempts to avoid the mistakes of past budgets in that it reflects a principled vision for the state of Michigan and the culture in which her citizens live. It does not advocate political payoffs to special interests, which fuel public cynicism and create distrust. It does not uncritically perpetuate programs simply because they have been funded for many years. Instead, it takes a fresh look at how the budget affects not just state government, but the myriad of other institutions in our society and the unique human beings who comprise the Michigan citizenry. It evaluates each program and expenditure on the basis of whether it will advance or retard a vibrant, diverse, and prosperous Michigan culture. It is appropriate to begin, therefore, with a brief discussion of the competing visions that influence the scope and structure of the Michigan state budget.

Michigan citizens can choose, and have historically chosen, between two basic methods of organizing their affairs.

One, called political society, places responsibility for a wide range of human needs in the institutions of government. The people of Michigan elect public officials who, through statutes and administrative bureaucracies, design programs that attempt to respond to perceived problems. In a political society, for example, these officials attempt to ensure the quality of goods and services by requiring licenses to practice certain trades, and requiring government approval before certain products may be sold. They attempt to guarantee quality education by certifying teachers, establishing curricula, and building schools and regulating their operation. They attempt to spur economic development by selecting and subsidizing certain businesses and industries, often at the expense of others. They attempt to care for the poor by dispensing government aid for food, day care, transportation, housing and medical care. These programs, of course, are funded through a variety of taxes on Michigan consumers, workers, property owners, and businesses, and fees on particular activities.

A second method of organizing affairs is called civil society. Instead of relying on institutions of government to provide social goods, participants in a civil society rely instead on private intermediary institutions such as the family, voluntary associations, religious groups, and commercial firms operating in a free-market economy. To facilitate the operations of these intermediary institutions, governing institutions provide judicial and enforcement services. They protect human life, property, and individual liberties against aggression, enforce contracts, and prosecute fraud and misrepresentation.

In this environment the creative energies of free people are engaged to solve problems as close to the source as possible. Strong families and community institutions, rather than expansive bureaucracies in Washington and Lansing, are looked to for the most effective solutions.

This choice between political society and civil society is crucial because in many ways the two are mutually exclusive. When governing institutions establish programs that attempt to improve upon private intermediary institutions, three damaging things occur. First, there is a prevailing sense that the problem is being solved by government--an idea promoted by the politicians and bureaucrats responsible for the plan--which causes individual citizens and their private organizations to disengage or moderate their involvement. Secondly, resources are taken from private individuals and organizations through taxes, which reduces their ability to provide assistance independent of the government. Finally, government programs often generate numerous rules and regulations that prevent or hinder private organizations from dealing effectively with the problem.

While the institutions of civil society flourished in the 19th century, political society has characterized this century. Michigan in particular has advanced political society at the expense of civil society. Michigan is dominated today by political institutions on which its citizens are becoming increasingly reliant, but which have failed to strengthen our culture, especially in the inner cities. It is time to demand that Michigan leaders make clear and
consistent choices about the direction they wish to take the state. There is no better manifestation of the political society approach of Michigan government than the state budget. Here, then, is a tour through Michigan political society, with recommendations for advancing civil society as the best way to strengthen Michigan culture.

**Laying the Groundwork for Reform**

Over the past two decades, Michigan's state budget has increased at a remarkable rate. Indeed, if one compares the budgets for fiscal years 1975-1976 and 1995-1996, one sees that state spending has nearly quadrupled over the past twenty years. To put this increase into context, one should consider the effects current spending levels have on Michigan families. The 1995-1996 total state budget of $28,080,901,387 represents a contribution of $3,021 for every man, woman, and child in Michigan. In an era of stagnating wages, Michigan families have been asked to bear increasing burdens by the state—burdens that in many cases threaten the very well-being of these families.

The following analysis examines the 1995-96 fiscal year state budget (with the exception of K-12 public school funding, capital spending, and the Departments of Civil Rights and Civil Service) and asks of each program a fundamental question: Does it help advance civil society in Michigan, and help build a culture where free and responsible citizens have opportunities to pursue their unique goals and values? It recommends 136 specific program changes the state should make during the next fiscal year. While certainly not a complete guide to how government should be restructured over the next several years—more dramatic and comprehensive change needs to be implemented—it provides a framework for the debate. It recognizes the political constraints that reform-minded legislators face, while at the same time laying the groundwork for long-term change. If the state is going to take seriously the task of reestablishing civil society, it should consider the reforms listed within and the start the process now.

The reforms suggested can be grouped into three general classifications:

- **Eliminating unnecessary and, in some cases, counterproductive programs.** This report lists over 100 specific programs that should be eliminated because they either 1) provide welfare for Michigan corporations, industries, or other special interests, or 2) weaken families, churches, private assistance organizations and community groups by taking resources from their members and foreclosing opportunities for flexible, accountable, and efficient service. All are vestiges of a political society that erodes the virtues of responsibility, charity, and independence.

- **Rolling back unjustified program growth.** This report identifies several programs that experienced unjustified growth during the past several years. Examples include funding for community colleges and public universities, which grew at a rate far exceeding inflation and enrollment and funding for state mental and veterans' hospitals, which continued to grow dramatically despite decreased occupancy rates.

- **Contracting out services that can be handled more efficiently by the private sector.** Over the past fifteen years there has been a worldwide movement toward privatization. Governments at all levels have realized dramatic cost savings and quality gains due to contracting out services once handled by government. The state of Michigan should follow the lead of these pathbreaking governments and consider the privatization of a number of services that are still conducted by the state. The most notable program that could be privatized, at least in terms of cost savings, is the management of correctional facilities. If Michigan were to experience cost savings comparable to those experienced by other states from the privatization of their correctional systems, it could expect to save more than $275,000,000.

**Summary**

February 1996
The list of proposals within, if implemented, would produce a savings of over $2.1 billion, which constitutes 7.5% of the total state budget.

Most complaints leveled against these proposals will fit into one of two categories. One, people will argue, "Why cut a program that constitutes such a small proportion of the total budget?" And two, people personally affected by a program cut, such as recipients of direct subsidies, will oppose the proposal on the basis that it will affect them disproportionately. Both of these arguments are easily refuted when examined more closely. In the first case, while it is quite true that eliminating just one program will have little effect on the overall size of the budget, when combined with other similar cuts, the actual savings can become quite significant. And in the second case, many of these cuts will certainly affect some people more than others, but this is not coincidental--it is these same people who are benefiting disproportionately by the very presence of the programs. What is unjust or unfair is not the elimination of the programs, but their creation in the first place.

Over the past four years, the Engler administration has taken steps to reduce the size of state government. But there is much work yet to be done. The state should begin the process of significant long-term reform now, and implement numerous feasible changes that would return power from Lansing to where it rightfully belongs: the homes of families and individuals throughout the state.

A Note On Terminology

Each proposal within this paper contains information described as the "appropriation breakdown." These numbers simply refer to the origins of the funds used to pay for the program. There are four possible areas from which a program can be funded: Interdepartmental Grants; Federal Funds; General Fund/General Purpose Funds (GF/GP); and Special Revenue Funds.

Interdepartmental Grants are exactly what the name implies; funds transferred from one state department to another. For example, if the Department of Commerce were to assume some of the computer processing responsibilities of the Department of Labor, Labor would issue a grant to Commerce to help pay for the provision of that service.

Federal Funds are funds sent from Washington to Lansing to subsidize the operations of various state programs. Federal Funds can be comprised of many different types of federal revenues. For example, they can be made up of federal income tax receipts, fuel tax receipts, federal capital gains tax receipts, or federal tariff receipts, just to name a few.

General Fund/General Purpose Funds are funds gained by the state from predominantly three areas: state personal income taxes, state sales and use taxes, and single business and insurance taxes. These taxes are broad-based and are intended to fund programs that purportedly have broad-based effects.

Special Revenue Funds can be comprised of many different types of state revenues. The most common type of Special Revenue Funds, however, are targeted taxes, user fees, and regulatory fees. For example, dry cleaners in the state of Michigan are taxed each year to pay for on-site regulatory inspections of their establishments. The tax that these proprietors pay is an example of Special Revenue.


4 See "Correctional Facilities Administration and Operations" in the Department of Corrections budget herein.

## Summary of Recommendations

<table>
<thead>
<tr>
<th>Department</th>
<th>Actual Appropriation</th>
<th>Recommended Appropriation</th>
<th>Difference</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Agriculture</td>
<td>67,610,600</td>
<td>42,824,780</td>
<td>24,785,820</td>
<td>37%</td>
</tr>
<tr>
<td>Department of Attorney General</td>
<td>45,431,700</td>
<td>45,431,700</td>
<td>0</td>
<td>0%</td>
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<tr>
<td>Capital Outlay</td>
<td>289,421,900</td>
<td>289,421,900</td>
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<td>0%</td>
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<tr>
<td>Department of Civil Rights</td>
<td>14,032,900</td>
<td>14,032,900</td>
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<td>0%</td>
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<tr>
<td>Department of Civil Service</td>
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<td>31,897,300</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Department of Commerce</td>
<td>305,785,400</td>
<td>212,390,327</td>
<td>93,395,073</td>
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<tr>
<td>Community Colleges</td>
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<tr>
<td>Department of Corrections</td>
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<td>1,035,457,116</td>
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<tr>
<td>Department of Education</td>
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<td>720,467,400</td>
<td>89,593,700</td>
<td>11%</td>
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<tr>
<td>General Government</td>
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<td>99,381,017</td>
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<td>Higher Education</td>
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<tr>
<td>Jobs Commission</td>
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<td>529,784,600</td>
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<td>Department of Labor</td>
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<td>2%</td>
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<tr>
<td>Department of Management and Budget</td>
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<td>158,055,550</td>
<td>70,704,950</td>
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<td>Department of Mental Health</td>
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<td>1,450,393,270</td>
<td>156,385,130</td>
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<td>Department of Military Affairs</td>
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<td>Department of Natural Resources</td>
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<td>Department of Public Health</td>
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<td>104,679,510</td>
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<td>School Aid</td>
<td>8,297,596,400</td>
<td>8,297,596,400</td>
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<td>Department of Social Services</td>
<td>7,569,454,200</td>
<td>7,331,291,100</td>
<td>238,163,100</td>
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<td>Department of State</td>
<td>166,559,800</td>
<td>153,866,100</td>
<td>12,693,700</td>
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<td>Department of State Police</td>
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<td>338,155,900</td>
<td>1,517,500</td>
<td>0%</td>
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<tr>
<td>Department of Transportation</td>
<td>1,872,577,100</td>
<td>1,631,297,000</td>
<td>241,280,100</td>
<td>13%</td>
</tr>
<tr>
<td>Department of Treasury</td>
<td>1,576,915,400</td>
<td>1,544,865,400</td>
<td>32,050,000</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>28,322,281,787</strong></td>
<td><strong>26,184,102,167</strong></td>
<td><strong>2,138,179,620</strong></td>
<td><strong>7.5%</strong></td>
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### Summary of Savings by Revenue Source

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<th>Revenue Source</th>
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<td>Interdepartmental Grants</td>
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<tr>
<td>Federal Funds</td>
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</tr>
<tr>
<td>State General Fund/General Purpose</td>
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</tr>
<tr>
<td>Special Revenue Funds</td>
<td>390,761,723</td>
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<tr>
<td><strong>Total:</strong></td>
<td><strong>2,138,179,620</strong></td>
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</tbody>
</table>
## Department of Agriculture

### Appropriations Summary

<table>
<thead>
<tr>
<th>Source</th>
<th>Actual</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants</td>
<td>$1,194,500</td>
<td>$773,900</td>
<td>$420,600</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$7,143,500</td>
<td>$5,641,200</td>
<td>$1,502,300</td>
</tr>
<tr>
<td>State General Fund/General Purpose</td>
<td>$43,893,500</td>
<td>$22,906,580</td>
<td>$17,934,820</td>
</tr>
<tr>
<td>Special Revenue Funds</td>
<td>$15,379,100</td>
<td>$10,451,000</td>
<td>$4,928,100</td>
</tr>
</tbody>
</table>

**Gross Appropriation:**

- **Actual:** $67,610,600
- **Recommended:** $42,834,780
- **Savings:** $24,785,820

The Michigan Department of Agriculture (MDA) has adopted the following mission statement:

> The mission of the Michigan Department of Agriculture is to serve the people of Michigan by providing leadership in the development and implementation of responsive and innovative policies and programs which protect consumers and preserve, promote, and enhance Michigan's food and agricultural industry. The department is committed to assuring a viable rural economy in Michigan for present and future generations; to assuring the consumer a safe, high quality supply of food and agricultural products; to protecting the public, the food supply, and the environment against toxic substance contamination; to protecting and enhancing the agricultural soil and water resource base; to promoting the development of food and agriculturally based businesses and markets; and to protecting the consumer from economic deception.

In reality, however, the Department actively pursues projects—many of them wasteful and unnecessary—unrelated to the purposes described in its mission statement. As a modest initial step toward civil society, the Department should return to its original goal of promoting consumer safety, while abandoning many of the unnecessary and sometimes counterproductive programs it has adopted, such as: the Grant program, the Marketing and Market Development program, and the Racing and Native American Casino Promotion program.

### MDA Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program Description:</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Commission; Marketing and Bargaining Board</td>
<td>$48,500</td>
<td>All from GF/GP</td>
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</tbody>
</table>

**Program Description:**

The Agricultural Commission is a five-member bipartisan group of citizens appointed by the Governor and subject to Senate confirmation. Members serve four year staggered terms. By law no more than three members may be of one political party. The commission is responsible for the operation of the MDA, primarily through establishing policies governing all departmental programs. The Commission appoints the director of the MDA and approves all rules and regulations promulgated by the department. The Commission meets once a month, and its meetings are open to the public.

The Marketing and Bargaining Board administers Michigan's Agricultural and Bargaining Act, P.A. 344 of 1972, which permits producers of perishable fruits and vegetables to be represented by an accredited association in negotiation with the handlers. Functions of the board include: determining the definition of a commodity bargaining...
unit; administering accreditation procedures; determining members of the accredited bargaining units; and protecting the rights of both growers and handlers.

**Recommended Action:**

The MDA should be structured like many other departments of state government by eliminating the Agricultural Commission, allowing the Governor to choose the Director, and granting the Director the responsibility for setting Department policy. There simply is no need for a five-member commission to preside over the operations of the Department.

The Marketing and Bargaining Board should be eliminated, with its functions handled by the private sector. Both the producers and the handlers of fruit and vegetables have every incentive to make sure that their negotiations go smoothly and without error. There is no reason to believe that agricultural producers, wholesalers and processors are any less able to conduct commerce than producers, wholesalers, and users of other goods.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affirmative Action</td>
<td>$189,200⁸</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**

The Affirmative Action Office is responsible for ensuring that women, minorities, and people with disabilities are "adequately" represented in MDA's work force. This goal is accomplished through career outreach programs, departmental training programs, and employment procedures. The Affirmative Action Office also offers internship programs to acquaint students with the MDA. The program features internships during the summer and academic year. It also informs minority students about career possibilities in agriculture.

**Recommended Action:**

By their very nature, affirmative action programs use race and other irrelevant factors as a basis for decision making, instead of pursuing a color-blind policy of non-discrimination. The practice of affirmative action is inherently unfair to those groups not granted special status, and often demeaning to those who are. Under the current system, non-minorities are punished due to their race, and those minorities who do obtain employment in agencies where affirmative action policies are practiced are often viewed as "quotas"--people who do not deserve the job they possess. In many cases this may not be true, yet the specter of affirmative action will always raise the doubt in the minds of non-minorities and minorities alike. The Department of Agriculture should pursue a color-blind "best person for the job" approach instead of its current policy of affirmative action. It could, and should, do so by immediately eliminating this office.⁹

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistical Reporting Service</td>
<td>$412,400⁰⁰</td>
<td>$378,400 from GF/GP; $34,000 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**

The Statistical Reporting Service (SRS) conducts crop surveys of fruits, vegetables, nursery stock and ornamental plants. The SRS conducts its research on a rotating basis, with fruit the first year, vegetables the second year, and nursery stock and ornamental plants the third year, for example.

**Recommended Action:**

The SRS could be eliminated immediately. Its functions, if necessary, can and should be handled by the agricultural industry itself. As noted below for the USDA data collection program, most non-agricultural industries provide market information without government assistance. There is no reason to expect any less from the agricultural industry.
Program Gross Appropriation Appropriation Breakdown
USDA Data Collection Program $1,077,300 All from Federal Funds

Program Description:
The USDA Data Collection Program is a federal program administered by state governments. The state of Michigan currently employs 18 full time employees in this program. The program, much like the Statistical Reporting Service, surveys data and prepares acreage, yield and production forecasts and estimates of Michigan's field crops, fruits and vegetables. It also prepares head counts of livestock.

Recommended Action:
Private organizations exist in almost every area of commerce to survey producers and consumers, and develop detailed and reliable market information. This is true with everything from automobiles, computers, and telephones to snack foods and insurance policies. The important area of agriculture would be no exception, and there is no reason for the state or federal government to be involved. The USDA Data Collection Program should therefore be eliminated.

This program also raises the issue of whether the state of Michigan should accept federal funding for unnecessary or questionable programs, a practice which is commonly justified by the argument that if Michigan doesn't take the money, someone else will, and Michigan citizens will be the losers. Such federal funds are viewed as cost-free "gifts" that can provide Michigan with jobs, and can benefit certain groups.

This issue is addressed in detail in Appendix I. Suffice it to say here that Americans today are realizing the limits to federal spending, and the detrimental impact that deficit spending is now having and will continue to have on future generations. Good citizenship requires that the Michigan Legislature reject this type of federal funding and treat federal tax dollars as if they came from Michigan taxpayers. After all, they do.

Program Gross Appropriation Appropriation Breakdown
Press and Public Affairs $466,200 All from GF/GP

Program Description:
The Press and Public Affairs Division is responsible for: press relations, public education programs, information and outreach, employee communications, publication development, and coordination of special events. The division also coordinates the agriculture marketing program, which promotes Michigan agriculture.

Recommended Action:
The Press and Public Affairs division should be eliminated immediately. The primary function of the division is to promote Michigan agriculture in general, and the Michigan wine industry in particular. Both of these can and should be handled by private sector producers and trade associations. A prime example of Press and Public Affairs' unnecessary spending is a quarterly, full color newspaper that it produces and distributes for free, entitled Michigan Wine Country. The sole purpose of this publication is to promote the Michigan wine industry.

The state legislature should end such "corporate welfare" immediately. Governor Engler and others have struck a responsive chord by rightfully pointing out the need to help social welfare recipients become independent of government assistance. The same principle should apply to Michigan corporations and industry groups. Most people would be outraged if they knew that state government was subsidizing such profitable businesses. The Press and Public Affairs office should be eliminated.
Program Description:
This program funds an annual fair in the Upper Peninsula, similar to the Michigan State Fair held annually in Detroit.

Recommended Action:
While it is true that the Upper Peninsula State Fair is an enjoyable event for many people each summer, sponsoring fairs is not a proper function of government in a civil society. Every year, thousands come from across the country to enjoy Michigan's natural wonders. And millions enjoy such entertainment opportunities as attending professional sporting events and privately run fairs and festivals. The Upper Peninsula State Fair is no different; there is no reason to believe that we need the state to run a fair in the Upper Peninsula in order for there to be one. If there is sufficient demand for a fair of this type--and it appears that there is--then private organizations will respond to that demand and conduct one. This program should be eliminated.

Program Description:
The Department of Agriculture issues grants to a variety of organizations and programs across the state. For fiscal year 1995-96, the following grants have been approved:

Michigan State University $210,000
Energy conservation program $263,100
Grants to cities with racetracks $1,745,600
Great Lakes draft horse show $78,800
Building and track improvement, county and state fairgrounds $627,700
Premiums, county and state fairs $1,611,200
Purses and supplements, fairs $2,653,700
Standardbred fedele fauri futurity $77,000
Standardbred Michigan futurity $77,000
Quarterhorse program $43,000
Licensed tracks--light horse racing $84,000
Standardbred breeders awards $1,201,500
Standardbred purses and supplements, licensed tracks $292,100
Standardbred sire stakes program $800,000
Standardbred training and stabling $47,800
Thoroughbred program $1,973,400
Thoroughbred sire stakes program $424,000
Food bank $500,000
Future Farmers of America $28,500
Local soil conservation districts program $1,400,000
Northwest Michigan horticultural research station $41,800
Southwestern Michigan tourist council, taste of Michigan $60,400
Grown in Michigan program $100,000
Michigan festivals $50,000
Forest stewardship program $200,000
Recommended Action:
Most of the above grants have only a tenuous relationship to the purposes identified in the Department's mission statement. None provide consumer safety functions. Instead, they subsidize private industry, private organizations, or academic research. A large share of this funding subsidizes horse racing and gaming in Michigan, which is arguably not even an agricultural concern. As mentioned previously, the Michigan Legislature should encourage businesses and organizations to become independent of government handouts. This form of corporate welfare insulates the subsidized organizations from the test of the marketplace: Do Michigan citizens value these activities enough to voluntarily support them? The Grants program should be eliminated immediately.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Health and Welfare</td>
<td>$2,189,100(^{18})</td>
<td>$15,000 from Federal Funds;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$2,074,800 from GF/GP;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$99,300 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:
The Animal Health and Welfare program is responsible for protecting the health of domestic animals through the regulation of animal shelters, dog pounds, pet shops, riding stables, and research facilities.

Recommended Action:
Advancing the humane treatment of animals is a worthy objective, but should be done through means other than a state program. Private organizations like the Humane Society and the Society for the Prevention of Cruelty to Animals have been effective in raising awareness of this issue and reducing animal cruelty, and laws prohibiting unhealthy treatment exist already. The first defense against domestic animal cruelty should be social disdain for such behavior. A second defense is for citizens and local officials to enforce existing law. Spending $2 million on the Animal Health and Welfare program is unnecessary, and it should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equine Monitoring System</td>
<td>$87,600(^{19})</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
The Equine Monitoring System was established by the Department of Agriculture to do the following: establish and maintain a database on the population, health status and economic characteristics of the horses in Michigan, and to identify major disease and health problems based on frequencies and economic impact of such conditions. The state periodically conducts a statewide survey of all horse owners to gather the information it requires. The program is under the direction of Martin Saffell of Michigan State University.

Recommended Action:
This is a program that has been marked for elimination by many state legislators for a number of years, yet it has remained intact. Saffell, defending the existence of the program, has stated, "Unlike other livestock, the USDA did not have any data on horses. They have data on dairy cows, hogs, chickens, etc. Horses are not really part of agriculture, except breeding farms are considered farming, and most produce hay or other products. Farms are now specialized. We need documentation to lobby" the USDA.\(^{20}\) This program continues to be in place in order to attract federal funds for local purposes. As stated above in our discussion of the USDA Data Collection program, the Legislature should refuse to accept federal funding for such purposes. Appendix I explains why all states should resist the temptation to take federal funds for unnecessary programs. It is time for this program to be eliminated, and for horse owners to stop asking taxpayers to subsidize their industry and hobby.
<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing and Market Development Program</td>
<td>$1,099,700\textsuperscript{21}</td>
<td>$420,600 from Interdepartmental Grants; $625,900 from GF/GP; $50,500 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The Marketing and Market Development program campaigns and advertises throughout the nation and the world on behalf of Michigan agricultural products.

**Recommended Action:**
This program is another example of corporate welfare; private industry should be responsible for its own marketing programs, not the taxpayer. It should be eliminated at once.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equine Drug Testing</td>
<td>$741,700\textsuperscript{22}</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
This program tests the drug levels present in the bloodstreams of race horses. It is included in the line item "Laboratory Support Services."

**Recommended Action:**
While it is true that the horse racing industry may wish to monitor the drug level present in the bloodstreams of race horses in order to ensure the integrity and quality of the races, such an issue should not involve state government. Many sports monitor similar things without the benefit of state intrusion. For example, in weightlifting, swimming, and track and field, competitors are privately tested for legal and illegal consumption of performance enhancing drugs, and there has been very little trouble with enforcement. There is no reason to believe that similar results could not be achieved in horse racing.

The horse racing industry has, like the weightlifting and swimming communities, a vested interest in seeing their sport attain a high level of respect and legitimacy. Indeed, without spectator confidence in the legitimacy and fairness of the races, the horse racing industry would quickly perish. As a result of this incentive, the industry can be expected to regulate itself.\textsuperscript{23}

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horse Racing and Casino Gambling</td>
<td>$190,000\textsuperscript{24}</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
This program helps to promote these two private industries through advertising and public relations activities.

**Recommended Action:**
The horse racing and casino gambling industries should be responsible for their own promotional activities. It simply is not the taxpayer's responsibility to ensure their livelihood.
MDA Programs to be Downsized

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Services</td>
<td>$4,512,300&lt;sup&gt;25&lt;/sup&gt;</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
Management Services provides financial administration and computer services for the Department of Agriculture.

**Recommended Action:**
With the elimination of approximately 40% of the Agriculture budget comes the ability to downsize the Management Services division commensurately, producing a savings of approximately $1,804,920.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Management Charges; Rent</td>
<td>$838,800&lt;sup&gt;26&lt;/sup&gt;</td>
<td>$772,100 from GF/GP; $66,700 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
Property management charges are the fees incurred by the Department of Agriculture for the maintenance and upkeep of departmental facilities. Rent is, as the name implies, the rent charges incurred by the Department during the year.

**Recommended Action:**
With the elimination of approximately 40% of the Agriculture budget comes the ability to downsize these appropriations commensurately, producing a savings of approximately $335,520.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Direction; Unclassified Positions</td>
<td>$1,323,200&lt;sup&gt;27&lt;/sup&gt;</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
Executive Direction and the line item described as "Unclassified Positions" provide support services to the Director. In short, they are the Director's staff.

**Recommended Action:**
With the elimination of approximately 40% of the Agriculture budget comes the ability to downsize these appropriations commensurately, producing a savings of approximately $529,280.

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7 Ibid, page 2.

8 Ibid, page 2.

10 1995 Enrolled Senate Bill Number 296, page 2.

11 Ibid, page 2.


13 1995 Enrolled Senate Bill Number 296, page 2.


17 1995 Enrolled Senate Bill Number 296, pages 4-5.

18 1995 Enrolled Senate Bill Number 296, page 3.

19 Ibid, page 3.


21 1995 Enrolled Senate Bill Number 296, page 3.


Department of Civil Rights

<table>
<thead>
<tr>
<th>Appropriations Summary</th>
<th>Actual28</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Federal Funds:</td>
<td>$1,912,700</td>
<td>$1,912,700</td>
<td>0</td>
</tr>
<tr>
<td>State General Fund/General Purpose:</td>
<td>$12,120,200</td>
<td>$12,120,200</td>
<td>0</td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Gross Appropriation:</td>
<td>$14,032,900</td>
<td>$14,032,900</td>
<td>0</td>
</tr>
</tbody>
</table>

The Michigan Constitution establishes the Michigan Civil Rights Commission, and the Department of Civil Rights was established to carry out the Commission's responsibility to "investigate alleged discrimination against any person because of religion, race, color or national origin in the enjoyment of the civil rights guaranteed by law and by this Constitution, and to secure the equal protection of such civil rights without such discrimination."

Although the department has embarked on activities outside this narrow charter, this report does not include a detailed analysis of these operations, and therefore no program changes are recommended at this time.

The Michigan Department of Civil Service (MDCS), according to the Constitution of the State of Michigan, shall "classify all positions in the classified service according to their respective duties and responsibilities, fix rates of compensation for all classes of positions, approve or disapprove disbursements for all personal services, determine by competitive examination and performance exclusively on the basis of merit, efficiency, and fitness the qualifications of all candidates for positions in the classified service, make rules and regulations covering all personnel transactions, and regulate all conditions of employment in the classified service." Unlike many other state departments, it has stayed quite true to its original purposes; MDCS does not--except for a few programs--attempt to provide services that fall beyond the powers and duties granted to it by the Constitution. Although a closer review of individual programs may identify areas for savings, such a review is not a part of this report. No general or specific recommendations are provided at this time.

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Department of Commerce

Appropriations Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
<td>$2,139,700</td>
<td>$2,139,700</td>
<td>0</td>
</tr>
<tr>
<td>Federal Funds:</td>
<td>$92,789,800</td>
<td>$88,997,800</td>
<td>$3,792,000</td>
</tr>
<tr>
<td>State General Fund/General Purpose:</td>
<td>$24,808,100</td>
<td>$3,073,400</td>
<td>$21,734,700</td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td>$186,047,800</td>
<td>$118,179,427</td>
<td>$67,868,373</td>
</tr>
<tr>
<td><strong>Gross Appropriation:</strong></td>
<td><strong>$305,785,400</strong></td>
<td><strong>$212,390,327</strong></td>
<td><strong>$93,395,073</strong></td>
</tr>
</tbody>
</table>

Although many programs formerly within the Michigan Department of Commerce (MDC) have been transferred to the Jobs Commission, many unnecessary programs remain. The Department has been dominated by special interests and now acts as primarily a dispenser of favors via subsidies and grants. It should be dramatically reduced in both size and scope. Below are 10 specific programs that should be either eliminated or reduced.

MDC Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council for Arts and Cultural Affairs</td>
<td>$22,840,600</td>
<td>$1,105,900 from Federal Funds; $21,734,700 from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
The Michigan Council for Arts and Cultural Affairs awards grants to organizations to fund a variety of projects. During the past fiscal year, art and cultural grants were awarded to:

- Young Audiences of Michigan
- Dearborn Community Arts Council
- Creative Arts Collective
- Milan Theatre Company
- The Storytellers
- Arts Foundation of Michigan
- Detroit Artists Market
- Detroit Public Schools
- Michigan Veterans Foundation
- Northville Public Schools
- Council of Performing Arts
- Grand Rapids Civic Theatre
- Kent County Juvenile Court
- St. Cecilia Music Society
- Public Museum of Grand Rapids
- Muskegon Museum of Art
- Michigan Youth Arts Festival
- Old Town Playhouse
- Arts Midwest
- Peninsula Arts Appreciation Council
- Ironwood Theatre
- Downriver Council for the Arts

Arab Community Center
Broadside Press
United Black Artists
African American Studio Theatre
Pewabic Society
Center for Creative Studies
Detroit Focus
Harmony House Playhouse
Clinton County Arts Council
Arts Forum of Western Michigan
Grand Rapids Art Museum
Junior League of Grand Rapids
Grand Rapids Opera
Community Circle Theatre
Muskogon Civic Theatre
Manistee Civic Players
Beaver Island Community Schools
Traverse City Area Public Schools
Sault Are Arts Council
Calumet Theatre
Jesse Besser Museum
Arts League of Michigan
Braezeal Dennard Chorale
Detroit Metropolitan Orchestra
Mason Elementary School
Grosse Pointe Public Schools
Attic Theatre
Detroit Theatre Association
Graystone Jazz Museum
Clinton County School District
Arts Council of Grand Rapids
David Wolcott Kendall School
Grand Rapids Symphony Society
Michigan Assoc. of Community Arts
Chamber Choir of Grand Rapids
Holland Community Chorale
West Shore Symphony
Midland Center for the Arts
 Traverse Area Arts Council
Center for New Television
William Bonfias Fine Arts Center
Crooked Tree Arts Council
Thunder Bay Theatre
Studio of African Dance
Detroit Symphony Orchestra Hall
New Detroit Incorporated
Utica Public Schools
Michigan Bach Festival
John Glenn High School
Southwest Michigan Symphony Orchestra
Irvine Gilmore Keyboard Festival
Mad Hatters
Battle Creek Symphony Orchestra
Jackson Symphony Orchestra
Ann Arbor Art Association
Art-Train
Kerrytown Concert House
University Musical Society
Macomb Arts Council
Village Bach Festival
Flint Institute of Arts
Greater Flint Arts Council
Saginaw Symphony
Arts Council of Lansing
Lansing Lyric Opera
Christo Rey Community Center
Creative Arts Center of Oakland County
Rochester Symphony Orchestra
Jazz Development Workshop
Music Hall Center
Wayne State University
Grand Circus Park Development
Alternative Creative Education
Dearborn Orchestral Society
Allen Park Symphony
Crosowell Fine Arts Association
St. Joseph Art Association
Kalamazoo Civic Playhouse

Confined Audiences Production
James Tatum Trio
Rackham Symphony Choir
Accounting Aid Society
Concerned Citizens for the Arts
Detroit Jazz Orchestra
Michigan Opera Theatre
Lowell Area Arts Council
Boys Choir of Grand Rapids
Grand Rapids Ballet
Kent County Co-op
Robeson Players
Michigan Alliance for Arts Education
Muskegon County Foundation
Art Reach of Mid Michigan
Northwestern Michigan College
 Traverse Symphony Orchestra
City of Marquette
Ironwood Area Schools
Thunder Bay Arts Council
Rebirth Incorporated
Casa de Unidad
Gray and Gray Productions
Southwest Detroit Business Association
Dearborn Public Schools
Inter-Arts Associates
Lenawee Symphony Orchestra
Kalamazoo Arts Council
Kalamazoo Institute of Arts
Kalamazoo ISD
Art Center of Battle Creek
Livingston Educational Service Agency
Ann Arbor Summer Festival
Dance Gallery Foundation
Papagena Opera Company
Washtenaw Council for the Arts
St. Clair Arts Council
Port Huron Museum of Arts and History
Flint School District
Saginaw Art Museum
Young People's Theatre
Community Circle Players
Michigan Public Broadcasting
Michigan State University
Pontiac Schools District
Troy School District
Madrigal Chorale
Southeast Michigan Arts Forum
Detroit Center for Performing Arts
Michigan Avenue Art Group
Abbott Middle School
Friends of Opera
Plymouth Community Arts Council
Tibbits Opera Foundation
Fontana Concert Society
Kalamazoo Junior Symphony Society
Whole Art Theatre Company  Battle Creek Boys Choir
Battle Creek Youth Orchestra  Ella Sharpe Museum
Brighton Area Schools  Chinese American Cultural Center
Ann Arbor Theatre  Ann Arbor Symphony
Comic Opera Guild  Great Lakes Performing Artists Assoc.
Michigan Theatre Foundation  Performance Network
U-M Flint  Wild Swan Theatre
New Haven Community Schools  City of St. Clair
International Symphony Orchestra  Buckham Fine Arts Project
Flint Institute of Music  City of Flint
Ballet Cultural Azteca  Saginaw Choral Society
Cheboygan Area Arts Council  Holland Area Arts Council
Boarshead Theatre  Lansing Art Gallery
Lansing Symphony  Michigan Orchestra Association
The Michigan Festival  The Pashami Dancers
Oakland County Cultural Council  Meadow Brook Performing Arts
Troy Chamber of Commerce  Business Consortium for the Arts
Lyric Chamber Ensemble  City of Southfield Parks and Rec.
Cantata Academy  Detroit Area Film and TV
Detroit Dance Collective  Oakland Community College
Interlochen  Grand Rapids Symphony
Ferndale Public Schools  Detroit Chamber Winds
Judson Center  Royal Oak School District
Blue Lakes Fine Arts Camp

**Recommended Action:**

After his inauguration in January, 1991, Governor Engler indicated his intention to eliminate the Arts and Cultural grant program. Although he has not followed through, he should. There are several reasons why this will benefit Michigan citizens and Michigan culture.

First, this $23 million subsidy diminishes the ability of Michigan taxpayers to choose for themselves what types of arts and cultural projects they will support, and places such decisions in the hands of state bureaucrats and their designees. It is elitist to assume that the "unwashed masses" require government oversight on these very personal matters of value and taste.

Government funding of the arts also has the perverse effect of forcing the poor to subsidize the rich. Since art museums, operas, and symphonies are frequented predominantly by people of high socio-economic status and education, the cultural grants provide for a fundamentally unfair transfer of wealth from lower income families to higher. Indeed, Robert J. Samuelson, columnist for *Newsweek* and *The Washington Post*, has called funding for the arts "highbrow pork barrel."

Secondly, subsidies are not a necessary precondition to people creating and enjoying artistic works. The arts and humanities in this country flourished prior to governmental funding and there is no reason to believe that support would cease if the government were to return to its neutral position regarding the arts. Indeed, some of the finest art ever produced in our country was created without governmental funding. Great art is a product of individual genius and individual ambition, not governmental involvement.

Some have argued that government subsidies are needed to give the poor access to the arts. It is interesting to note, however, that with stereo equipment that can be purchased with the earning from a day or two of minimum wage work, a person can hear a variety and quality of music unavailable to kings and queens a century ago. Music, photographs, prints, televised recorded performances, and even musical instruments and arts and crafts materials, are more available and less expensive than at any time in history. Public libraries often rent, free-of-charge, compact disks, video classics, and even prints of paintings. And it is difficult to find a local arts or cultural organization that refuses to make some allowance for low income individuals to attend programs and performances.

A third reason to eliminate political funding is that government subsidies to the arts inevitably lead to the politicization of culture and stifle the creativity and innovation of artists. No matter how large the art and cultural grant program grows, not every aspiring artist can be the beneficiary of a state grant; hence, there must be some selection process for the grants, and, as a result, artists applying for grants will inevitably pursue work that will be palatable to the potential donor: the state. What results is the corruption of the artist and his work. It is unlikely that
great works such as Thoreau's *Civil Disobedience* or Tolstoy's *War and Peace*, both of which were highly critical of the then-current regime, would have been pursued if the authors had been aspiring for governmental funding. As painter Laura Main has said, "Relying on the government to sponsor art work . . . is to me no more than subjecting yourself to the fate of a governmental lackey."34

Sensing the mood of the times, savvy proponents of arts and cultural subsidies have attempted to portray such programs as economic development tools, presenting economic analyses based on dubious "multiplier effects" to show, for example, that $1,000 of art spending generates $11,000 worth of economic benefit. What such one-sided analyses neglect to discuss is the effect on the Michigan economy if Michigan citizens were allowed to keep and spend this money themselves. There is absolutely no evidence that state government spending generates any more economic activity than private spending.

It is time for the Michigan Legislature to depoliticize Michigan cultural affairs and leave private citizens and private organizations to develop the diverse, creative, and inspiring works that have always characterized civil society.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Service Commission: Administration, Planning, and Regulation</td>
<td>$18,325,70035</td>
<td>$2,130,300 from Federal Funds; $16,195,400 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:
Regulating Michigan's non-municipal utility companies, gas and oil pipelines, telecommunications, and commercial motor transportation industry is the main responsibility of the Public Service Commission. The Commission is best known for setting the rates that utilities may charge their customers. Other functions performed by the Commission include: setting standards of service that each company must meet; approving and monitoring the construction of all gas and pipeline operations; enforcing rules; and approving the issuance of securities by regulated companies.

Recommended Action:
The Public Service Commission should be eliminated. It currently provides an outdated and unnecessary function: the regulation and effective price-fixing of utilities. Utilities can be provided to customers by the market; they do not need to be provided, effectively, through state government. If the state were to loosen its control on the utilities industry, one would see a more efficient, cost-effective, and consumer friendly system, with a myriad of suppliers willing to provide service to Michigan's homes and businesses. Indeed, the Public Service Commission itself has begun to recognize this fact.

On April 11, 1994, the Public Service Commission announced that Michigan would be the first state to experiment with a program allowing major customers of Detroit Edison and Consumers Power to bypass those utilities and shop for electric power from dozens of independent competitors. Known as "retail wheeling," the five year experiment will allow those customers essentially to rent the two utilities' wires and purchase electricity from other sources. Thus far the program has been successful, with many companies choosing to contract electrical services from providers other than the two major utilities. As Frank Corley, a Ford executive, recently said, "We want to see the same kinds of opportunities in electric utilities that we have seen in the natural gas industry. Companies need more opportunities to save money." Moreover, Ford and other large companies have been able to force competition in other ways, as well. They are cutting special rate deals with the utility providers, helping communities set up their own municipal power companies, and building their own power plants. Although it is preferable to have utilities owned privately rather than by municipal governments, both private and municipal efforts are affecting the dynamics of the market. Indeed, Big Three automakers recently negotiated a $30 million annual rate cut with Detroit Edison, and city officials in Alma are trying to become the first city in Michigan in 50 years to set up a municipal utility. As a result, Mick Hiser, director of the Commission's Competitive Utilities and Energy Resources Division, has said, "This industry is moving swiftly to competition. This is not pie-in-the-sky stuff."

The state legislature should recognize the effectiveness of such market-oriented solutions and act appropriately; they should eliminate the Public Service Commission and allow the market to work as it should,
unhampered. What would result is greater consumer choice, lower prices, and more successful small providers entering the market.  

Program Description:
The Grant to the Michigan Department of Public Health (MDPH) will provide $555,800, via the U.S. Department of Energy, to the MDPH for nuclear emergency planning and response.

Recommended Action:
The Department of Commerce should refuse the money provided by the U.S. Department of Energy for this grant, and in so doing eliminate its subsequent grant to the Michigan Department of Public Health. Other industries, such as chemical producers, work in conjunction with community leaders to provide emergency planning and response programs, and the nuclear power industry should be no different. Nuclear emergency planning should be the responsibility of communities and the industry, and not funded by state or federal government.

Program Description:
The Michigan State Fair is a once a year self-financing event held every summer on the state fairgrounds in Detroit.

Recommended Action:
While it is true that the Michigan State Fair is an enjoyable event for many people each summer, sponsoring fairs is not a proper function of government in a civil society. Every year, thousands come from across the country to enjoy Michigan's natural wonders. And millions enjoy such entertainment opportunities as attending professional sporting events and privately run fairs and festivals. The Michigan State Fair is no different; there is no reason to believe that we need the state to run the Michigan State Fair in order for there to be one. If there is sufficient demand for a fair of this type--and clearly there is--then private organizations will respond to that demand and conduct one. This program should be eliminated.

Program Description:
The Liquor Merchandising and Warehousing Program operates three liquor warehouses and 76 state stores selling spirits to retail licensees. The operation is divided into three geographic districts throughout the state, and each district has its own warehouse and groups of wholesale and retail stores.

Recommended Action:
The Liquor Merchandising and Warehouse office is a program that has been cited for elimination by various organizations, analysts, and legislators for many years. It is time for these recommendations to be heeded; the state legislature should act immediately to eliminate this office. Like other goods--even those like tobacco, which many view with disdain--the distribution of spirits can be handled by the private sector directly. There simply is no
need for a middleman—in this case, state government—to handle the distribution between the alcohol manufacturing companies and the licensed distributors of alcohol throughout the state. If the bars, stores, and other distributors of alcohol are licensed, then the state should take action against these licensees at the point of sale, if they believe that they are selling alcohol which violates the regulations of their license. There is no need to take the preventive measure of having the Liquor Control Commission sell the alcohol directly to them.

There is one additional point that needs to be raised regarding the termination of this program. If the legislature acted to end the merchandising and warehousing program, more than the $25 million budgeted for operating this program would be effectively saved. In addition to the initial $25 million, the state would also be able to sell the warehouses currently used by this program, and in so doing, be able to, as the Department of Management and Budget (DMB) has written, "reap a short term cash windfall."41

In conclusion, the Liquor Merchandising and Warehousing program of the Liquor Control Commission is a prime example of Lansing overstepping its bounds and delving into an area that can be handled more efficiently by the private sector. The legislature should take this opportunity to streamline government and do as DMB has suggested: terminate the Merchandising and Warehousing program.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquor Control Commission Grant</td>
<td>$408,10042</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**

The Liquor Control Commission will appropriate a $408,100 grant to the Department of Agriculture's Wine Industry Council, for use in advancing and promoting Michigan's wine industry.

**Recommended Action:**

As suggested in this study's analysis of the Department of Agriculture, the Wine Industry Council should be eliminated, since it performs a service that can and should be handled by the private sector—the promotion of private industry. This form of corporate welfare should be ended immediately by eliminating the Liquor Control Commission Grant.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Home Commission; Mobile Home and Land Resources Program;</td>
<td>$1,759,00043</td>
<td>All from Special Revenue Funds</td>
</tr>
<tr>
<td>Local Mobile Home Park Inspections</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Program Description:**

These programs license the manufacturers of mobile and manufactured homes, as well as the proprietors of mobile home parks. They also conduct inspections of mobile home parks to verify that state regulations are being followed.

**Recommended Action:**

There is no need for the state to intervene between the consumers and producers of mobile homes, or for it to intervene between the would-be inhabitants of a mobile home park and the proprietor of that mobile home park. In both instances the consumer is capable of determining whether or not he will engage in a transaction with the provider of the good. If, after purchasing the good, he believes he has been defrauded, then he can take legal action against the seller of that good, whether it be the mobile home manufacturer or the mobile home park proprietor. With respect to mobile home parks, local construction and health codes and land use planning measures are adequate to provide guidelines for development. Preventive action by the state in the form of regulation of these activities is unnecessary and harmful. These programs should be eliminated.
MDC Programs to be Down sized

Program Gross Appropriation Appropriation Breakdown
Management Support $2,883,900\(^44\) All from Special Revenue Funds
Services: Liquor Control
Commission

Program Description:
Management Support Services for the Liquor Control Commission provides, essentially, accounting and
bookkeeping services for the division's two major programs: (1) the Liquor Licensing and Enforcement program, and
(2) the Liquor Merchandising and Warehousing program.

Recommended Action:
With the elimination of the Liquor Merchandising and Warehousing comes the ability to radically downsize
the Management Support Services program. Currently, 57 percent of the entire Liquor Control Commission budget
is directed to the Liquor Merchandising and Warehouse program, which is essentially self-financing. Therefore, one
can surmise that at least 57 percent of all accounting services conducted by Management Support Services go toward
the Liquor Merchandising and Warehousing program. These services could be immediately terminated with the
elimination of the aforementioned program, and as a result, Management Support Services could be downsized by 57
percent, producing a savings of $1,647,823.

Program Gross Appropriation Appropriation Breakdown
Management $28,020,000\(^45\) $1,544,200 from Interdepartmental
Services $891,000 from GF/GP;
$25,584,800 from Special Revenue Funds

Program Description:
Management Services entails a variety of programs, all conducted to aid and support the running of the
Department of Commerce. For example, Technology Support, Personnel Services, and Financial Management
programs for the Department are included under the heading Management Services, as is the rent of the offices not
currently owned by the state.

Recommended Action:
With the elimination of approximately 50% of the Commerce budget comes the ability to downsize the
Management Services division a commensurate amount, producing a savings of approximately $14,010,000.

Program Gross Appropriation Appropriation Breakdown
Executive Direction $7,820,500\(^46\) $595,500 from Interdepartmental
\(\text{Grants;}\)
$588,600 from GF/GP;
$6,636,400 from Special Revenue Funds

Program Description:
Like Management Services, Executive Direction entails a wide variety of programs that deal with the
functioning of the department. For example, within the Executive Direction division are the following line items:
Policy Development; Executive Director Programs; and Regulatory Efficiency Improvements/Backlog Reduction
Initiative. The aforementioned programs set policy for the Department, and determine the Department's goals and
procedures for the following year.
**Recommended Action:**

With the elimination of approximately 50% of the Commerce budget comes the ability to downsize the Executive Direction division by a commensurate amount, thus producing a savings of approximately $3,910,250.

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35 1995 Enrolled Senate Bill Number 297, pages 4-5.


37 1995 Enrolled Senate Bill Number 297, page 4-5.

38 Ibid, page 3.


40 1995 Enrolled Senate Bill Number 297, page 5.


42 1995 Enrolled Senate Bill Number 297, page 5.


44 1995 Enrolled Senate Bill Number 297, page 5.


Community Colleges

<table>
<thead>
<tr>
<th>Appropriations Summary</th>
<th>Actual 47</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Federal Funds:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>State General Fund/General Purpose:</td>
<td>$248,809,787</td>
<td>$222,614,804</td>
<td>$26,194,983</td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Gross Appropriation:</strong></td>
<td><strong>$248,809,787</strong></td>
<td><strong>$222,614,804</strong></td>
<td><strong>$26,194,983</strong></td>
</tr>
</tbody>
</table>

The Community College budget is comprised of two types of appropriations: appropriations for the operations of Michigan’s community colleges, and grant appropriations, of which there is only one for fiscal year 1995-96: the At-Risk Student Success Program. As for the first group of appropriations—the operations budgets for the colleges—substantial and immediate savings could be realized by simply retroactively indexing spending to two factors: inflation and enrollment. As it currently stands, spending has grown at a far faster rate than has enrollment and inflation—a development that calls for greater scrutiny of requests for funding increases. As for the grant appropriations, they could, and should, be immediately discontinued.

Community College Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>At-Risk Student Success Program</td>
<td>$3,330,608 48</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
The At-Risk Student Success Program is a tutorial program for students enrolled at Michigan’s community colleges. To be eligible for the tutorial program, students must meet one of the following criteria: (1) are initially placed in one or more developmental courses as a result of standardized testing or as a result of failure to make satisfactory academic progress; (2) are diagnosed as learning disabled; or (3) require English as a second language assistance.

Recommended Action:
Providing assistance to students, whether "at-risk" or not, is best handled by individual, family, and community efforts, not state involvement. State subsidies for higher education drive up educational costs, and raise the tax burdens that limit the ability of individuals and families to pay college costs. Moreover, the At-Risk Student Success Program sets up a perverse set of incentives and rewards. For example, under the current program, a student who puts very little effort into a class and fails as a result could be eligible for tutorial services, whereas a student who puts much effort into the same class but is only able to attain a C, for example, because he is simply maladroit in that area of study, is ineligible for help. Generations of immigrants have overcome language barriers, and generations of struggling learners have met academic challenges, all without state intervention. Private assistance efforts provide greater accountability and greater efficiency than state-run programs. The At-Risk Student Success Program should be eliminated.
Community College Programs to be Downsized

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community College Operations</td>
<td>$245,479,179&lt;sup&gt;49&lt;/sup&gt;</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
Michigan's 28 community colleges provide the following: (1) higher education opportunities to citizens for whom the cost, location, or academic entrance requirements of Michigan's four year colleges and universities are barriers to attendance; and (2) job training and retraining opportunities, including vocational, avocational, and non-degree courses and programs that may not be offered at other institutions.

Approximately 209,500 students attend classes full-time at one of Michigan's community colleges located throughout the state, with 2 in the Upper Peninsula, 7 in the northern Lower Peninsula, and the remaining 19 in southern Michigan.

Curriculum offerings at Michigan's community colleges include pre-professional, liberal arts, occupational, and vocational courses. Approximately, 50% of student credit hours are earned in liberal arts courses; 25% in business courses; 10% in trade and technical courses; 10% in health related courses; and the remainder in development and special interest courses.

For fiscal year 1995-96, Community College Operations funds will be allocated as follows:

- Alpena Community College: $4,019,667
- Bay de Noc Community College: $3,433,333
- C.S. Mott Community College: $12,627,429
- Delta College: $11,628,420
- Glen Oaks Community College: $1,721,808
- Gogebic Community College: $3,626,213
- Grand Rapids Community College: $16,041,355
- Henry Ford Community College: $17,655,954
- Jackson Community College: $10,761,612
- Kalamazoo Valley Community College: $7,967,756
- Kellogg Community College: $7,081,046
- Kirtland Community College: $2,654,652
- Lake Michigan College: $3,921,588
- Lansing Community College: $25,524,047
- Macomb Community College: $27,644,077
- Mid Michigan Community College: $3,135,176
- Monroe Community College: $2,968,658
- Montcalm Community College: $2,673,514
- Muskegon Community College: $7,344,222
- North Central Michigan College: $2,401,876
- Northwestern Michigan College: $6,874,409
- Oakland Community College: $18,480,029
- St. Clair Community College: $5,800,435
- Schoolcraft College: $9,431,755
- Southwestern Michigan College: $4,399,729
- Washtenaw Community College: $8,826,747
- Wayne Community College: $15,006,750
- West Shore Community College: $1,826,922

**Recommended Action:**
While public support of higher education would be better accomplished by converting from direct funding to a system of tuition vouchers or tax credits, such a plan may be politically unfeasible at the moment. Such a system would provide greater incentive for institutions of higher learning to contain costs and make sure as many
resources as possible are dedicated to serving the student's education needs. There are, however, some immediate steps that the Michigan Legislature should take to deal with escalating costs.

Between fiscal year 1984-1985 and fiscal year 1994-95, community college full-time student enrollment increased by approximately 2.2%—from approximately 205,000 to 209,500. During the same period, spending grew by approximately 55.1%—from $155,457,300 to $241,205,500. Thus, spending increased more than 25 times as fast as did enrollment, a staggering figure.

Clearly, over the last decade, spending has risen at a disproportionately high rate. This needs to change; and a good way to do this would be to retroactively index spending.

Using 1984-85 as the base year, spending should be indexed to enrollment and inflation, which rose by approximately 2.2% and 41% respectively during the period 1984-1995: $155,457,300 * (1+ 0.022+ 0.41), which would yield a total of $222,614,854. Using this estimating formula, Michigan taxpayers would reap a savings of $22,864,375, as spending for fiscal year 1995-96 would be decreased from $245,479,179 to the indexed total of $222,614,854.


Department of Corrections

Appropriations Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual 52</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
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<td>$6,628,700</td>
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</tr>
<tr>
<td>Federal Funds:</td>
<td>$5,546,900</td>
<td>$5,546,900</td>
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<tr>
<td>State General Fund/General Purpose:</td>
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<td>Special Revenue Funds:</td>
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<td>Gross Appropriation:</td>
<td>$1,315,090,800</td>
<td>$1,035,457,116</td>
<td>$279,633,684</td>
</tr>
</tbody>
</table>

The Michigan Department of Corrections (MDC) administers Michigan's adult prison, probation, and parole systems. Currently, the state operates 30 penal facilities and a number of correction camps.

The MDC has grown like no other state department over the past 15 years. Total staffing for the department grew from 4,921 in 1980 to 16,803 in 1995; and funding increased from $172 million to over $1.3 billion during the same period. And unless substantive changes are made, the department's budget will continue to spiral out of control.

Fortunately, there is one very fundamental change that could be implemented within the next fiscal year that would dramatically alter the current state of events—the privatization of correctional facilities. Several states have experienced significant cost savings from the privatization of prisons (including maximum security facilities) with no evidence of decreased quality. Michigan should follow the leads of these states and privatize the management of its facilities immediately.

MDC Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substance Abuse Treatment</td>
<td>$1,475,000 54</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:

This program funds substance abuse rehabilitation programs to prisoners in the Michigan penal system.

Recommended Action:

Historically, the most effective substance abuse programs have been privately sponsored, such as Alcoholics Anonymous and Teen Challenge. The Department of Corrections should address substance abuse treatment by encouraging private organizations to work with inmates interested in joining substance abuse programs. Where such private assistance is lacking, the Department should redouble its efforts to inform community organizations of the needs, and not resort to state subsidies. The Substance Abuse Treatment program should be replaced with private assistance.
Program | Gross Appropriation | Appropriation Breakdown
--- | --- | ---
Prisoner Rehabilitation and Education Programs | $1,367,100 | All from GF/GP

Program Description:
This program funds the costs incurred for the provision of associate's, bachelor's, master's, and law degree programs for prisoners in the Michigan penal system.

Recommended Action:
As was recommended by a group of state senators and representatives in September of 1993, the state should cease funding for this program immediately; the provision of college education to prisoners is simply not a responsibility of the MDC. 56

MDC Programs to be Downsized

Program | Gross Appropriation | Appropriation Breakdown
--- | --- | ---
Correctional Facilities Administration; Correctional Facilities Clinical Operations | $879,541,100 | $6,027,800 from Interdepartmental Grants; $544,000 from Federal Funds; $870,018,500 from GF/GP; $2,950,800 from Special Revenue Funds

Program Description:
The state currently operates a number of correction camps and 30 penal facilities: Alger Maximum Correctional Facility; Baraga Maximum Correctional Facility; Brooks Correctional Facility; Carson City Correctional Facility; Chippewa Correctional Facility; Cotton Correctional Facility; Florence Crane Correctional Facility; Egeler Correctional Facility; Handlon Michigan Training Unit; Harrison Correctional Facility; Huron Valley Correctional Facility; Ionia Maximum Correctional Facility; Ionia Temporary Facility; Kinross Correctional Facility; Lakeland Correctional Facility; Macomb Correctional Facility; Marquette Branch Prison; Michigan Reformatory; Mid-Michigan Temporary Facility; Mound Correctional Facility; Muskegon Correctional Facility; Oaks Maximum Correctional Facility; Riverside Correctional Facility; Ryan Correctional Facility; Saginaw Correctional Facility; Scott Correctional Facility; Standish Maximum Correctional Facility; State Prison of Southern Michigan; Thumb Correctional Facility; Western Wayne Correctional Facility.

Recommended Action:
Several states, including Florida, Kentucky, Pennsylvania, Tennessee, and Texas, have successfully contracted out all aspects of the management of prison operations, at a savings to the taxpayers of those states. Indeed, as author Wayne Calabrese has written, "cost comparisons have been made that clearly indicate that privatization of correctional facilities leads to significant savings," while "[t]he quality of services delivered by privatized corrections has, in the main, been equal or superior to the quality of correctional services delivered by the public sector." 58

In a report published by the University of Florida's Center for Studies in Criminology and Law, Charles W. Thomas examined available data on 45 privately managed correctional facilities. And of the private facilities capable of cost comparison with public counterparts, all ten evidenced cost savings--ranging from 10.71 percent to 52.23 percent. 59 Thus, if the state of Michigan, through privatization, only experienced the average savings in costs that these facilities did, 31.47 percent, a savings of $276,791,584 could be realized, and appropriations could be reduced from $879,541,100 to $602,749,516.

The state of Michigan should become a pioneer in correctional facilities management and privatize the operations of all its penal institutions. The evidence is in: the private sector can do a more cost-efficient and higher quality job than can the state in this area. 60

February 1996


54 1995 Enrolled House Bill Number 4418, pages 2-3.


57 1995 Enrolled House Bill Number 4418, pages 4-12.


Department of Education

Appropriations Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual$1</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
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<tr>
<td>Interdepartmental Grants:</td>
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<td>Federal Funds:</td>
<td>$744,495,900</td>
<td>$656,668,400</td>
<td>$87,797,500</td>
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<tr>
<td>State General Fund/General Purpose:</td>
<td>$42,324,300</td>
<td>$40,528,100</td>
<td>$1,796,200</td>
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<tr>
<td>Special Revenue Funds:</td>
<td>$21,794,600</td>
<td>$21,794,600</td>
<td>0</td>
</tr>
<tr>
<td>Gross Appropriation:</td>
<td>$810,061,100</td>
<td>$720,467,400</td>
<td>$89,593,700</td>
</tr>
</tbody>
</table>

The Michigan Department of Education (MDE) is the administrative arm of the State Board of Education, implementing federal and state legislative mandates in the fields of education and rehabilitation. The Board appoints a superintendent of public administration to serve as the principal executive officer of the Department of Education.

The most effective way to improve primary and secondary education in Michigan is to allow full educational choice, where parents are neither prohibited from, nor penalized for, sending their children to a public or private school they choose. However, in the short term, the Department of Education should take immediate steps to streamline its operations by eliminating unnecessary spending.

Below is a list of specific programs that should be marked for either elimination or reduction by the legislature within the next fiscal year.

MDE Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Enrichment and Community Services</td>
<td>$2,807,900$2</td>
<td>$2,397,000 from Federal Funds; $410,900 from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
The Office of Enrichment and Community Services includes programs for Native Americans, Race Equity, Sex Equity, Dropout Prevention, Homeless Education, Migrant Education, Bilingual Education, and Compensatory Education.

Recommended Action:
All of the programs that the Office of Enrichment and Community Services conducts should be discontinued. These programs take money from parents and communities, funnel it through the federal bureaucracy, pass it through the state bureaucracy, and give it back to the communities from which it came—less the costs of federal and state bureaucracies. They deprive parents and communities of self-determination in the use of their resources, and require school districts to complete voluminous paperwork and jump through many administrative hoops in order to receive and use the funds. They lack the accountability that characterizes locally funded projects. The Michigan Legislature should demand that Michigan resources are left in Michigan. It should eliminate these programs immediately and request that the federal government cease these wasteful, bureaucratic and redistributive programs.
Early Childhood Education Program  
$1,737,900 63  All from Federal Funds

Program Description:
The Early Childhood Education Program funds programs at public schools for pre-kindergarten students.

Recommended Action:
Like other federal grant programs, the Early Childhood Education Program takes money from parents and communities, funnels it through the federal bureaucracy, passes it through the state bureaucracy, and gives it back to the communities from which it came--less the costs of federal and state bureaucracies. This program deprives parents and communities of self-determination in the use of their resources, and requires school districts to complete paperwork and jump through administrative hoops in order to receive and use the funds. It lacks the accountability that characterizes locally funded programs. The Michigan Legislature should demand that Michigan resources be left in Michigan. It should eliminate this program immediately and request that the federal government cease these wasteful, bureaucratic and redistributive programs.

Program Gross Appropriation  
Office of Career and Technical Education $3,180,200 64  
Appropriation Breakdown
$2,328,600 from Federal Funds; $851,600 from GF/GP

Program Description:
The Office of Career and Technical Education monitors the development of educational training and retraining programs and support services for youths and adults; it also provides programs for secondary students at local educational agencies and post-secondary students at community colleges. According to The Michigan Manual, these programs emphasize: "promoting access to quality career and technical education programs for the handicapped, disadvantaged, limited English-speaking, single parents, homemakers, and criminal offenders; providing program improvement activities such as equipment purchases, curriculum development, and technical updating of teachers; promoting cooperation and collaboration between public agencies and the private sector in preparing individuals for employment; and promoting coordination and collaboration between general education and career in and technical education." 65

Recommended Action:
As with the above programs, the Michigan Legislature should refuse to accept federal funding for this program and demand that the resources be left in the communities for them to use as they deem fit. As was stated earlier in our discussion of the community college budget, job and technical employment training is fundamentally the responsibility of the private sector and individuals themselves, not the state. 66 Moreover, these programs are objectionable on the basis that many of them are only available to certain targeted groups such as criminal offenders and limited English speakers--instead of the population as a whole.

Program Gross Appropriation  
Office of Minority Equity $911,000 67
Appropriation Breakdown
$376,400 from Federal Funds; $534,600 from GF/GP

Program Description:
The Office of Minority Equity--which operates within the Higher Education Management Services Division--investigates reports on barriers to minority success on state college campuses; recruits minority instructors to the state's public colleges; and annually publishes a book that lists positions available to minority instructors as well as chronicles the success of minority instructors throughout the state.

Recommended Action:
This program allocates state resources based on race and is inherently discriminatory. The state should end all programs that allocate benefits on the basis of race and adopt instead a color-blind policy of non-discrimination.
Program Description:
For fiscal year 1995-96, the Grant and Distribution program awarded, among others, the following grants:

AIDS Education Grants $150,000
Competitive Child Care and Development Grants $480,000
Christa McAuliffe Grants $77,600
Drug Free Schools Grants $14,000,000
Foreign Language Grants $593,600
Emergency Immigrant Grants $300,000
Homeless Children and Youth Grants $833,000
Job Training Partnership Act $7,952,700
Migrant Even Start Program $282,300
Pre School Grants $12,136,800
School to Work Grants $1,800,000
Serve America Grants $680,000
State Literacy Resource Center Grant $263,600
Surplus Commodity Grant $2,506,000
Systems Change for Inclusive Education Grant $266,400
Teacher Corps Scholarship Program Grant $158,400
Vocational Education Act of 1963 Grant $38,507,200

Recommended Action:
None of the grant programs listed above—which amount to only 11.4% of total expenditures for the entire Grant and Distribution program—are vital to the successful functioning of public schools throughout the state. Instead they are either subsidies for certain special interest groups (such as the Foreign Language Grant); subsidies to private industry (such as the Job Training Partnership Act, the School to Work Grants, and the Vocational Education Act of 1963 Grant); or programs that simply should be beyond the purview of government and should be left up to communities and families (such as the AIDS Education Grant, the Competitive Child Care Grant, and the Drug Free Schools Grant). These grants should be eliminated, producing a savings of $80,957,600.

63 Ibid, pages 4-5.
68 Ibid, pages 7-8.
General Government

Appropriations Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
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</tr>
<tr>
<td>Federal Funds:</td>
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<td>State General Fund/General Purpose:</td>
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<td>$95,109,317</td>
<td>$7,874,383</td>
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<td>Special Revenue Funds:</td>
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<td>$161,900</td>
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<tr>
<td>Gross Appropriation:</td>
<td>$107,255,400</td>
<td>$78,362,127</td>
<td>$7,874,383</td>
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</tbody>
</table>

For the purposes of this paper, the term General Government will refer to expenditures in the following three areas: operating costs for the Executive Office, the State Legislature, and the Library of Michigan. All three of these are characterized by excessive bureaucracy. The Legislature should take this opportunity to correct this problem, and implement the changes listed below.

General Government Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant to the Detroit Public Library</td>
<td>$5,871,600&lt;sup&gt;70&lt;/sup&gt;</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
This grant directly subsidizes the operations of the Detroit Public Library.

Recommended Action:
The City of Detroit lacks the political will on the part of the Mayor and City Council to deal effectively with many problems that diminish the City's quality of life. For example, City officials have refused to take even simple steps to save money--such as privatization--that almost every other Michigan community has considered, and often implemented, in some form. The City could save tens, if not hundreds, of millions of dollars by such methods, but its officials have refused to do so, a major reason being the objections of public employee labor unions. It could increase its tax base and spur economic growth by reducing the crushing tax burden that is many times the state average. The citizens of outstate Michigan should be concerned that their tax dollars are going to subsidize an inefficient city government that in many ways is its own worst enemy. At a minimum, the Michigan Legislature should demand that the City of Detroit implement basic reforms as a precondition for any future state aid. A few straightforward policy changes would provide the City with much more than the $5 million it currently receives from this subsidy. As with other communities, the City of Detroit should not rely on state funding for its library.
General Government Programs to be Downsized

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan Library Historical Center</td>
<td>$2,002,783(^{71})</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
Included in the line item "Library of Michigan Operations" are funds appropriated for the Michigan Library Historical Center, which is a museum housed inside the Library of Michigan. Exhibits at the museum are often changed or rotated; thus allowing for a wide variety of exhibits to be housed.

**Recommended Action:**
The Historical Center is a wonderful facility, but should not be a function of state government. The state should transfer ownership of the museum to a university, foundation or other private owner, giving it the same independence that private museums enjoy. The museum is simply not necessary to the successful operations of the library.

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\(^{69}\) 1995 Enrolled Senate Bill Number 298, pages 4-7.

\(^{70}\) Ibid, page 7.

\(^{71}\) Ibid, page 7.
Higher Education

Appropriations Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
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<tr>
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</tr>
<tr>
<td>Federal Funds:</td>
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<tr>
<td>State General Fund/General Purpose:</td>
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<td>Special Revenue Funds:</td>
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<td>0</td>
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</tbody>
</table>

Gross Appropriation: $1,429,037,100

The Higher Education budget directly funds the operations of Michigan's 13 public four year universities. In addition, the budget also contains appropriations for the following programs: the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks College Day Program; the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks Future Faculty Fellowship Program; the Grant and Financial Aid Program; and various state and regional programs—all of which should be slated for either elimination or reduction.

As is the case with Michigan's community colleges, the rate of increase in higher education expenditures has far exceeded the rate of increase in enrollment and inflation. To remedy this problem, expenditures should be retroactively indexed to enrollment and inflation. This would produce an immediate, and long overdue, savings to the Michigan taxpayer, and encourage changes that would increase the efficiency of these institutions.

Higher Education Programs to be Eliminated

Program | Gross Appropriation | Appropriation Breakdown
---|---------------------|-------------------------|
Martin Luther King, Jr. - Cesar Chavez - Rosa Parks College Day Program | $1,141,410$73 | All from GF/GP

Program Description:

The Martin Luther King, Jr. - Cesar Chavez - Rosa Parks College Day Program sends students grade 6-11 to the campuses of Michigan's public universities for day and overnight stays. The purpose of the program is to motivate these students to attend college, as well as to teach them about college admission requirements, help them explore career possibilities, as well as allow them to interact with faculty. The program is targeted toward minority students.

For fiscal year 1995-96, Martin Luther King, Jr. - Cesar Chavez - Rosa Parks College Day Program funds will be allocated as follows:

- Central Michigan University: $85,765
- Eastern Michigan University: $101,930
- Ferris State University: $53,024
- Grand Valley State University: $36,139
- Lake Superior State University: $13,590
- Michigan State University: $211,480
- Michigan technological University: $34,903
- Northern Michigan University: $39,022
- Oakland University: $60,334
- Saginaw Valley State University: $24,504
- University of Michigan - Ann Arbor: $173,076
- University of Michigan - Dearborn: $31,814
University of Michigan - Flint $28,108
Wayne State University $145,894
Western Michigan University $101,827

**Recommended Action:**
The Martin Luther King, Jr. - Cesar Chavez - Rosa Parks College Day Program should be terminated. State resources should not be distributed on the basis of race or ethnicity.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Luther King, Jr.</td>
<td>$1,156,144</td>
<td>All from GF/GP</td>
</tr>
<tr>
<td>Cesar Chavez - Rosa Parks Future Faculty Fellowship Program</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Program Description:**
The Martin Luther King, Jr. - Cesar Chavez - Rosa Parks Future Faculty Fellowship Program grant loans to minority students working towards Master's and Doctoral degrees at Michigan's public universities. If the student is a Michigan resident, 1/3 of his debt is canceled upon graduation. Additional forgiveness will accrue at the rate of $5,000 for each year within the pay back period that the borrower is employed in a full-time teaching position at a Michigan public or independent 2- or 4-year college or university.

For fiscal year 1995-96, Martin Luther King, Jr. - Cesar Chavez - Rosa Parks Future Faculty Fellowship Program funds will be allocated as follows:

- Central Michigan University $114,389
- Eastern Michigan University $114,080
- Ferris State University $34,389
- Grand Valley State University $34,389
- Lake Superior State University $34,389
- Michigan State University $114,492
- Michigan Technological University $114,492
- Northern Michigan University $34,389
- Oakland University $114,492
- Saginaw Valley State University $34,389
- University of Michigan - Ann Arbor $114,492
- University of Michigan - Dearborn $34,389
- University of Michigan - Flint $34,389
- Wayne State University $114,492
- Western Michigan University $114,492

**Recommended Action:**
The Martin Luther King, Jr. - Cesar Chavez - Rosa Parks Future Faculty Fellowship Program should be eliminated immediately. State resources should not be distributed on the basis of race or ethnicity.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Luther King, Jr.</td>
<td>$2,457,077</td>
<td>All from GF/GP</td>
</tr>
<tr>
<td>Cesar Chavez - Rosa Parks Future Faculty Fellowship Program</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Program Description:**
Listed as a separate line item from the college day program and the future faculty fellowship program, this program subsidizes the salaries of visiting minority faculty at Michigan's public colleges, as well as oversees and manages the aforementioned college day and future faculty fellowship program.

**Recommended Action:**
The Martin Luther King, Jr. Cesar Chavez - Rosa Parks Program should be eliminated immediately. State resources should not be distributed on the basis of race or ethnicity.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan Resident Student Equity Grant to the University of Michigan - Ann Arbor</td>
<td>$8,322,856(^76)</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
Listed under the line item "operations" for the University of Michigan-Ann Arbor, the Michigan Resident Student Equity Grant is dependent upon the University preparing and submitting a plan to the Michigan Department of Management and Budget and the Appropriations Committees of both the House and the Senate that specifies how the university will reduce non-resident undergraduate enrollment to 30% or less for the 1995-96 academic year. The grant helps offset the loss of the higher tuition that non-resident students pay.

**Recommended Action:**
The state should be less concerned about the level of non-resident enrollment at the University of Michigan and more concerned about the overall quality of education that undergraduates receive there. Indeed, if anything, the University should be commended for being capable of attracting many out-of-state students--students who come to the University due to its high academic reputation and pay fees greatly higher than do in-state students. This grant, and all requirements placed upon the University for accepting it, should be immediately eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Experiment Station</td>
<td>$27,437,137(^77)</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
The Agricultural Experiment Station (AES), based at Michigan State University (MSU), conducts research on topics relating to Michigan agriculture. Past projects conducted by the Station include the Status and Potential of Michigan Agriculture Project (SAPMA), which assessed the status of 22 Michigan agricultural commodities or farming enterprises and developed estimates for potential growth; and the Status and Potential of Michigan Natural Resources Project (SAPMINR), which looked at Michigan's natural resources, identifying trends and future opportunities. In addition to the MSU office, AES has 14 branch offices throughout the state.

**Recommended Action:**
As with other industries, from automobiles to furniture to chemicals, the Michigan agricultural industry should be responsible for conducting its own research. Michigan farmers, their trade associations, and the Michigan agricultural industry at large--not the state of Michigan and its taxpayers--should determine what research is needed and provide for its funding. This program should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperative Extension Service</td>
<td>$23,630,736(^78)</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
The Cooperative Extension Service program conducts courses at universities throughout the state for non-student residents. Examples of courses offered include handicapped horseback riding, sewing, pottery, etc.

**Recommended Action:**
The Cooperative Extension Service program (co-op) could be handled effectively by the private sector. Indeed, there are a number of private schools throughout the state that already offer co-op style classes to people of all ages. The state should discontinue this program.
Program:  
The Japan Center for Michigan Universities, in arrangement with universities throughout the state, organizes a student exchange program with the University of Shiga. It also provides assistance for students from Michigan universities while they are studying in Japan.

Recommended Action:  
This program is duplicative of a number of programs conducted by universities and private organizations throughout the state; it should be eliminated.

Program Description:  
The Michigan Molecular Institute is a private organization based in Midland. This grant provides funding for students interested in working at the Institute and assisting its staff with developing manufacturing processes for carbon filaments/polymers.

Recommended Action:  
The Governor has recommended the elimination of this grant. Unfortunately, the state legislature has declined to do so. Funding for research and development, while very important, should be provided through private capital investment or private foundation grants, not by state government. The same is true for educational internships in this area. This program should be eliminated.

Program Description:  
This program is a one-time appropriation to support the modernization and conversion of the state's higher education databases. The conversion will include all federal and state collected higher education data.

Recommended Action:  
There is no reason for the taxpayer to be burdened with this additional expense, as all vital data is presently, and could continue to be, handled by the current database system. Moreover, the universities, given their outstanding computer facilities, should be asked to bear a greater percentage of the burden of handling, processing, and storing higher education data.

Higher Education Programs to be Downsized

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Financial Aid</td>
<td>$120,961,380</td>
<td>$5,149,700 from Federal Funds;</td>
</tr>
</tbody>
</table>
Program Description:
The Grants and Financial Aid Division conducts, among others, the following programs—all of which should be eliminated:

- The Tuition Grant Program, which awards grants to financially needy students attending private, independent colleges within Michigan.
- The Grant for Indian Tuition Waivers Program, which funds, in its entirety, the education of Native American residents, should the student choose to attend a Michigan public college or university. In order to qualify for the program, one must be at least 1/4 Native American.
- The Tuition Incentive Program (TIP), which reimburses tuition and mandatory fees to community colleges, public universities, independent non-profit degree granting colleges or universities, or Michigan tribally controlled community colleges for associate degree or certificate programs. The payments shall not exceed an amount equal to the average current in-district resident community college rate with a different amount for university participants. In order to be eligible for TIP, a student must meet all of the following categories: (1) the student must be a resident of Michigan; (2) the student's family's income is or was at the poverty level within the preceding year; (3) the student was under 20 at the time of graduation or GED completion; (4) the student graduated from high school not more than 4 years before application.
- The Grant for Michigan Resident Dental Graduates Program, which subsidizes the education of dental students at the University of Detroit-Mercy via grants and loans.
- The Part-time Independent Student Program, which provides need-based grants of up to $600 a year to part-time students attending Michigan's public universities.
- The Michigan Education Opportunity Grant Program, which assists financially needy undergraduates who are enrolled at least half-time at a Michigan community college or public college or university.
- The Grant for Allied Health Graduates Program, which awards grants to private independent colleges within Michigan that have health and nursing degree programs. The size of the grant is dependent upon the number of Michigan residents who graduate from these programs within a given year.
- The Paul Douglas Teacher Scholarship Program, which awards grants to students pursuing education degrees at Michigan colleges and universities.

Recommended Action:
These grants should be eliminated, producing a savings of $77,898,458. These programs take money from students and parents through taxes, pass it through the administrative bureaucracies of the many grant programs, and return it to students—less the costs of collection and administration overhead. State subsidies also drive up the costs of higher education. The state of Michigan should adopt a policy that encourages students to rely on their families, themselves, private foundations and scholarships, and private business grants and loans to fund their education. Students should be independent of the state for financing their educational needs, just as they should be for their food, clothing and shelter.

Program Gross Appropriation Appropriation Breakdown
Public University Operations $1,242,667,859 All from GF/GP

Program Description:
Michigan's 13 public four-year universities are located throughout the state. Eight institutions and the two branch campuses are located in metropolitan areas of southern Michigan. Two institutions are in the central part of the Lower Peninsula and three are located in the Upper Peninsula. Currently, about 259,000 full-time students attend Michigan's public universities.

Three of these institutions—the University of Michigan in Ann Arbor, Michigan State University, and Wayne State University—have large undergraduate, graduate and professional programs. Five institutions—Western Michigan University, Eastern Michigan University, Central Michigan University, Oakland University, and Northern Michigan University—offer primarily undergraduate programs, but also offer some graduate programs. Programs in specialized areas are emphasized at two institutions: Michigan Technological University, which offers primarily engineering courses; and Ferris State University, which offers primarily vocational and technical programs. Three
institutions, as well as the University of Michigan's two branch campuses in Flint and Dearborn, offer primarily undergraduate liberal arts programs; they are: Grand Valley State University, Saginaw Valley State University, and Lake Superior State University.

For fiscal year 1995-96, Public University Operations funds will be allocated as follows:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Michigan University</td>
<td>$63,369,584</td>
</tr>
<tr>
<td>Eastern Michigan University</td>
<td>$69,751,722</td>
</tr>
<tr>
<td>Ferris State University</td>
<td>$44,227,868</td>
</tr>
<tr>
<td>Grand Valley State University</td>
<td>$37,134,976</td>
</tr>
<tr>
<td>Lake Superior State University</td>
<td>$11,211,890</td>
</tr>
<tr>
<td>Michigan State University</td>
<td>$255,348,261</td>
</tr>
<tr>
<td>Michigan Technological University</td>
<td>$42,963,463</td>
</tr>
<tr>
<td>Northern Michigan University</td>
<td>$42,044,250</td>
</tr>
<tr>
<td>Oakland University</td>
<td>$38,092,597</td>
</tr>
<tr>
<td>Saginaw Valley State University</td>
<td>$18,430,980</td>
</tr>
<tr>
<td>University of Michigan - Ann Arbor</td>
<td>$280,136,557</td>
</tr>
<tr>
<td>University of Michigan - Dearborn</td>
<td>$19,760,212</td>
</tr>
<tr>
<td>University of Michigan - Flint</td>
<td>$17,854,497</td>
</tr>
<tr>
<td>Wayne State University</td>
<td>$204,917,621</td>
</tr>
<tr>
<td>Western Michigan University</td>
<td>$97,423,381</td>
</tr>
</tbody>
</table>

**Recommended Action:**

Although the direction of higher education funding should be toward using tuition vouchers or tax credits to replace direct state grants to public universities, such changes are not politically feasible at the moment. Such a move will provide greater incentives for universities to control growing costs, a problem that the state legislature should take more immediate steps to address.

Between fiscal year 1984-1985 and fiscal year 1994-95 public university full time student enrollment increased by approximately 14.1%--from approximately 226,000 to 258,000. At the same time, spending grew by approximately 57.1%--from $759,750,000 to $1,193,792,577. Thus, spending increased more than 4 times as fast as did enrollment—a staggering figure.

Clearly, over the last decade, spending has risen at a disproportionately high rate. This needs to change; and a good way to do this would be to retroactively index spending.

Using fiscal year 1984-85 as the base year, we would index spending to enrollment and inflation, which rose by approximately 14.1% and 41% respectively during the period 1984 1995: $759,750,000 * (1 + 0.141 + 0.41), which would yield a total of $1,178,372,250. Thus, using this formula—which, by any measure, one would have to regard as equitable—the Michigan taxpayer would reap a savings of $64,295,609, as spending for fiscal year 1995-96 would be decreased from $1,242,667,859 to the indexed total of $1,178,372,250.

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73 1995 Enrolled House Bill Number 4425, pages 1-3.
74 Ibid, pages 1-3.
76 Ibid, page 3.
77 Ibid, pages 3-4.
78 Ibid, pages 3-4.
79 Ibid, pages 4-5.
80 Ibid, pages 3-4.


83 Ibid, pages 1-3.

## Jobs Commission

<table>
<thead>
<tr>
<th>Appropriations Summary</th>
<th>Actual&lt;sup&gt;85&lt;/sup&gt;</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
<td>$200,000</td>
<td>0</td>
<td>$200,000</td>
</tr>
<tr>
<td>Federal Funds:</td>
<td>$403,583,100</td>
<td>0</td>
<td>$403,583,100</td>
</tr>
<tr>
<td>State General Fund/General Purpose:</td>
<td>$112,790,900</td>
<td>0</td>
<td>$112,790,900</td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td>$13,210,600</td>
<td>0</td>
<td>$13,210,600</td>
</tr>
<tr>
<td><strong>Gross Appropriation:</strong></td>
<td><strong>$529,784,600</strong></td>
<td>0</td>
<td><strong>$529,784,600</strong></td>
</tr>
</tbody>
</table>

Previously an independent state agency, the Michigan Jobs Commission (MJC) was incorporated as a state department on February 28, 1995.

The mission statement of the MJC reads as follows: "The Michigan Jobs Commission works in partnership with local communities and existing businesses to retain and expand job opportunities and improve Michigan's overall business climate."<sup>86</sup> It attempts to attain this goal through the implementation of a wide variety of programs, many of which have recently been transferred to the MJC from the Departments of Labor and Commerce.

In addition to attaining Departmental status, the Michigan Jobs Commission has also increased a great deal in size over the past year. According to Governor John Engler, "In 1995, the Michigan Jobs Commission will significantly expand what is now recognized as one of the nation's most ambitious job creation strategies."<sup>87</sup> And indeed it has; the budget of the Michigan Jobs Commission for fiscal year 1995-1996 totals $529,784,600, an increase of over 50 percent from its 1994-1995 budget of $352,204,500.

### General Recommendation

The 1,000-employee Michigan Jobs Commission is Michigan's department of corporate welfare, and a clear manifestation of political society. While Governor Engler has been a national leader in the reform of government assistance for the poor, he has presided over the growth of government assistance for profitable corporations. The existence of the Jobs Commission is based on several flawed premises and opportunistic political considerations such as:

- It assumes that state bureaucrats can foster wealth and job creation better than individual consumers, workers, bankers, insurers, investors, and managers whose collective decisions form the market economy.

- It assumes that the efforts of trade associations, industry groups, Chambers of Commerce, law and accounting firms, universities, and a host of specialty consultants are insufficient to provide businesses the expertise they need to grow and prosper in Michigan, and that state bureaucrats should supplement the services these organizations already provide.

- It assumes that engaging in an economic "war between the states" through selective tax credits and subsidies for large corporations is a more effective economic development strategy than across-the-board tax relief.

- It reflects the political fear that public officials will be seen as "doing nothing" to encourage economic development if they only remove barriers to the efficient operation of the free-market economy and refrain from state intervention.

The fact is that all the business support services provided by the Michigan Jobs Commission, if truly necessary, can be, and most often are already, provided by private sector firms. The subsidy programs are subject to
political considerations, and there is no reason to believe that state bureaucrats can invest capital any better than private sector financial institutions and Michigan companies themselves. Michigan does not need a government-directed industrial policy; it needs leadership that understands and respects the operation of a free-market economy.

It is therefore recommended that the Michigan Jobs Commission be eliminated entirely. While this will mean forgoing significant federal dollars, it will free significant state resources—over $110 million—to be returned to Michigan citizens and businesses. Instead of focusing on expanding so-called "pro-business" programs, the Governor and Legislature should recognize the institutions of civil society that generated tremendous wealth in Michigan long before that advent of pervasive government intervention. What follows is a description of various Jobs Commission programs and their associated costs.

### MJC Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclassified Salaries; Executive Direction</td>
<td>$1,638,300(^{88})</td>
<td>All from GF/GP</td>
</tr>
<tr>
<td>K.I. Sawyer and Wurtsmith Base Conversion Authorities Grants;</td>
<td>$500,900(^{89})</td>
<td>$58,000 from Interdepartmental Grants; $442,900 from GF/GP</td>
</tr>
<tr>
<td>Department Operations</td>
<td>$8,115,800(^{91})</td>
<td>$1,675,900 from Federal Funds; $5,737,300 from GF/GP; $702,600 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**

Unclassified Salaries and Executive Direction set policy for the Jobs Commission as a whole.

**Recommended Action:**

With the elimination of the Jobs Commission comes the ability to eliminate these appropriations from the budget.

K.I. Sawyer and Wurtsmith are two former United States Military bases that were closed upon approval of the federal Base Conversion Authority Panel's recommendation.

**Recommended Action:**

The state should sell the remaining areas of these bases that it still owns as soon as possible, since they currently are a drain on Michigan taxpayers. Indeed, the Department of Management and Budget recommended such an action over three years ago, writing, "The state must aggressively pursue its options and locate an appropriate buyer."\(^{90}\)

Included in Department Operations are the following programs: Administrative Services, which provide support services, such as computer and accounting services, to the Department; Rent and Property Development Services, which are the housing costs incurred by the MJC; and Worker's Compensation, which are the costs incurred by the state from providing Worker's Compensation to employees within the MJC.
Recommended Action:

With the elimination of the Jobs Commission comes the ability to eliminate these appropriations from the budget.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Retention and Expansion</td>
<td>$32,066,500(^{92})</td>
<td>$42,000 from Interdepartmental Grants; $2,425,200 from Federal Funds; $27,270,600 from GF/GP; $2,328,700 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:

Included in Economic Retention and Expansion are the following programs:

- The Michigan International Trade Authority, which provides export financing assistance for Michigan companies; it also lobbies foreign countries to buy Michigan goods—particularly agricultural goods. This program maintains offices in Europe, Asia, Africa, Canada, and Mexico.
- The Travel Bureau, which advertises throughout the United States on behalf of the Michigan tourism industry, in an attempt to increase tourism in the state.
- The Michigan Promotion Program, which attempts to demonstrate to non-Michiganians, through large advertising campaigns, that Michigan is a nice place to live and a good place to do business.
- Business Services, which encourages and financially assists minority-owned, women-owned, and handicapper-owned businesses.

Recommended Action:

All of the programs within the Economic Retention and Expansion division are examples of corporate welfare. Businesses, not Michigan taxpayers, should be responsible for their promotional activities and financial services.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce Development</td>
<td>$75,620,100(^{93})</td>
<td>$50,000 from Interdepartmental Grants; $61,955,900 from Federal Funds; $8,984,100 from GF/GP; $4,630,100 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:

Included in Workforce Development are the following programs:

- Employment Training Services, which attempts to provide "workers with the skills they need to get the job done." It has proposed to reach this goal by establishing 10 state-run skilled trade academies within the next four years; matching selected employers' contributions toward training services for their employees; and funding worker recruitment conferences and job fairs for prospective employers and employees in the state.
- The State Technical Institute and Rehabilitation Center, which provides vocational and technical training and a wide range of support services to adults with disabilities. Located on a 32 acre campus near Plainwell, it offers 16 training programs, varying in length from 2 semesters to 2 years.
- The Drug and Alcohol Abuse Referral Monitoring Agency, which informs employees and employers of substance abuse rehabilitation programs that may be of help and, in some cases, assists them financially with the cost of such programs.

Recommended Action:

Let us look at each of the programs individually:
The Employment Training Services Program is attempting to meet a real need, since many students graduate from Michigan high schools without necessary job skills, and must be retrained prior to entering the work force. There currently exist, however, numerous vocational and job training programs sponsored by community colleges, labor unions, public schools, for-profit educational firms, and businesses themselves. This program reflects the Jobs Commission's expansionist mentality, which sees a government solution to every perceived inadequacy.

Many companies have a long and honorable history of providing training to their employees. For example, the Big Three automakers all have outstanding apprenticeship programs for employees wishing to work as skilled tradesmen at those companies--programs that have been both effective, and cost-free to the Michigan taxpayer. This tradition will continue as long as there are employers in need of employees and employees in need of work--a phenomenon that is not likely to go away. While there may be problems with the quality and type of education offered today, these problems are more likely due to the intervention of government rather that its absence. The institutions of civil society are perfectly capable of providing job training. Those who want to make sure that the educational resources provided meet the needs of the marketplace should be promoting educational choice, not Jobs Commission schools. 95

The State Technical Institute and Rehabilitation Center should be eliminated for the reasons above.

The Drug Abuse and Alcohol Referral Monitoring Agency and the Community Substance Abuse, Prevention, Education, and Treatment Grant Program should immediately eliminated. As with any other support services that companies provide to their employees, substance abuse treatment should be paid for by employers.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental Grants</td>
<td>$380,653,000</td>
<td>$50,000 from Interdepartmental Grants; $307,526,100 from Federal Funds; $68,717,700 from GF/GP; $4,359,200 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:
For the current fiscal year, the following grants have been appropriated:

- Job Training Partnership Act Subgrantees: $162,829,500
- Michigan Community Service Commission Subgrantees: $6,675,000
- Displaced Homemakers: $382,000
- Supported Employment Grants: $1,043,900
- Technology Assistance Grants: $979,000
- Vocational Rehabilitation Client Services: $33,288,800
- Vocational Rehabilitation Independent Living: $936,300
- Personal Care Attendants: $155,500
- School-to-Work Subgrantees: $9,000,000
- Trade Academy Grants: $500,000
- Economic Development Job Training Grants: $36,200,000
- Work First Grants: $65,901,500
- CDBG Pass Through Grant: $61,257,000
- State Research Fund: $750,000
- Michigan Transition Initiative Grants: $454,500
- Resource Recovery Revolving Loan Fund: $300,000

Recommended Action:
The Grant Program--the primary program conducted by the MJC before it was incorporated as a Department--is an unnecessary expenditure of taxpayer dollars; it should be eliminated. As discussed earlier in regard to the Employment Training Program, job training and industry research is fundamentally the responsibility of employers, potential employees, and private organizations, not state government.


93 Ibid, pages 7-8.


96 , page 8.
Department of Labor

Appropriations Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual 97</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
<td>$2,972,800</td>
<td>$2,972,800</td>
<td>0</td>
</tr>
<tr>
<td>Federal Funds:</td>
<td>$143,373,400</td>
<td>$143,373,400</td>
<td>0</td>
</tr>
<tr>
<td>State General Fund/General Purpose:</td>
<td>$27,495,800</td>
<td>$25,007,640</td>
<td>$2,488,160</td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td>$74,112,500</td>
<td>$29,729,700</td>
<td>$2,772,800</td>
</tr>
<tr>
<td>Gross Appropriation:</td>
<td>$247,954,500</td>
<td>$242,694,340</td>
<td>$5,260,160</td>
</tr>
</tbody>
</table>

The Michigan Department of Labor (MDL) operates a number of federally mandated programs, such as the Commission on Handicapper Concerns and the Commission for the Blind. Nevertheless, there are many programs in the Labor budget that originate from Lansing that should be eliminated or reduced; they are listed below.

**MDL Programs to be Eliminated**

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-college Programs in Engineering and the Sciences</td>
<td>$452,90096</td>
<td>All from GF/GP</td>
</tr>
<tr>
<td>Boiler Inspection Program; Elevator Inspection Program</td>
<td>$2,772,00099</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**

The Pre-college Programs in Engineering and the Sciences are conducted for 7th to 12th grade students in the Detroit public school system. The programs are designed to "prepare and motivate" minority students to pursue degrees in engineering or the sciences.

**Recommended Action:**

It is true that a regrettably low number of minority students from the Detroit public school system attend college, and that an even smaller number attend college to pursue an engineering or science degree. This program, however, allocates state resources based on race and is inherently discriminatory. The state should end all programs that allocate benefits on the basis of race and ethnicity and adopt instead a color-blind policy of non-discrimination.

The Board of Boiler Rules runs the Boiler Inspection program. It is comprised of 11 members and performs the following duties: prescribes uniform rules for boilers; provides for the licensing of boiler inspectors, installers, and repairers; sets fees for licenses, permits, inspections, and certificates; provides penalties for the violation of codes, rules, and standards.

The Elevator Safety Board runs the Elevator Inspection program. It is comprised of 10 members and performs the following duties: promulgates rules regarding the use of elevators; prepares examinations of elevators; issues elevator contractor licenses.
Recommended Action:

The Boiler and Elevator Inspection programs should be eliminated. As the Department of Management and Budget has written: "The state is unable to keep up with elevator inspections. The owners of buildings and their insurers have a compelling financial interest in making certain elevators are in safe working order. The state should discontinue this function and allow the private sector to develop elevator inspections as an industry. [T]he same argument made for elevator inspections is appropriate for boiler inspections."  

MDL Programs to be Downsized

<table>
<thead>
<tr>
<th>Program Description:</th>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>The line items described as &quot;Unclassified Salaries&quot; and &quot;Administration&quot; set policy for the Department of Labor as a whole.</td>
<td>Unclassified Salaries; Administration</td>
<td>$5,074,200</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Recommended Action:

With the elimination of approximately 20% of the Labor budget, comes to ability to downsize these appropriations by a commensurate amount, thus producing a savings of $1,014,840.

Program Description:

These line items describe the fees incurred by the department for rent and property development.

Recommended Action:

With the elimination of approximately 20% of the Labor budget comes the ability to downsize these appropriations by a commensurate amount, thus producing a savings of $503,820.

Program Description:

The Michigan Department of Labor grant to the Department of Commerce is directed to MDC's administrative services division.

Recommended Action:

With the elimination of approximately 50% of the Commerce budget comes the ability to downsize this appropriation by a commensurate amount, thus producing a savings of $516,600.

---


Ibid, page 11.
The Michigan Department of Management and Budget (MDMB) is perhaps the best example of a state department that has grown to conduct programs well beyond its stated purposes. While its primary function is to "provide financial recordkeeping, systems development, property management, capital facility development, procurement, retirement, and office support services to state agencies" and to prepare, present, and execute "the state budget on behalf of the governor," it actually performs programs that bear absolutely no relation to the purposes just described. Examples include: the Office of Services to the Aging, the Office of Drug Control Policy, and the Professional Development Fund. The state should act swiftly to correct this; it should, by beginning the process of eliminating programs not vital to the stated purposes of the department, return the MDMB to its original stature: an interdepartmental service and management agency.

### MDMB Programs to be Eliminated

#### Program Gross Appropriation Appropriation Breakdown
Child Care Information and Referral Services $360,000<sup>106</sup> All from Interdepartmental Grants

**Program Description:** This program assists state employees in locating affordable licensed child care within their community. The appropriation "represents amounts included within various appropriations for longevity and insurance, whether appropriated as a single line item or commingled with program line items, throughout state government for the current fiscal year."<sup>107</sup> Thus, while funding for the program is technically from Interdepartmental Grants, a more accurate statement would be that funding for the program comes from the general fund via various state agencies.

**Recommended Action:** It is difficult to imagine that state employees have such trouble finding child care providers that the activity must be handled by state government and funded by Michigan taxpayers. This program should be eliminated.

#### Program Gross Appropriation Appropriation Breakdown
Professional Development Fund-MPES; Professional Development Fund-UAW; Professional Development Fund-Local 31-M; Professional Development Fund-MSC; Professional Development $1,276,000<sup>108</sup> All from Special Revenue Funds
Fund - Nonexclusively Represented Employees

Program Description:
These programs provide retraining, in service training, seminars, workshops, and conferences for members of the aforementioned organizations.

Recommended Action:
Organized labor is an example of a private sector institution that has played an important role in advancing the interests of workers. However, labor unions and their programs, like corporations, should not be subsidized by taxpayers for job training or any other reason. They should be required to earn their support from the voluntary contribution of their members. This program should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Luther King</td>
<td>$24,300</td>
<td>All from GF/GP</td>
</tr>
<tr>
<td>Holiday Commission</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Program Description:
The commission provides information and advice to state government, local governments, and private organizations on how to best enhance the quality, of and participation in, MLK Day activities. It also serves as a liaison to the federal MLK commission.

Recommended Action:
Public and private organizations can handle the task of planning and executing MLK Day activities on their own. A state commission in not needed to assist them any more than they need assistance planning Christmas parties, Columbus Day festivities, or Washington's birthday celebrations. This program should be eliminated immediately.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Services</td>
<td>$21,840,000</td>
<td>$16,380,000 from Federal Funds; $5,460,000 from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
The Community Services program pays local service organizations to provide assistance in the form of day care, congregate meals, crime prevention, health screening, and home repair to elderly persons.

Recommended Action:
These programs take resources from families and communities through taxation, funnel it through expensive state and federal bureaucracies, and return a fraction of the amount taken to certain selected individuals and organizations. These resources must be left with individual families and local communities who are close to the problems, and who can provide assistance that is more accountable and effective than that from distant bureaucracies in Lansing and Washington. This program is one which tears down civil society, and should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respite Care Program</td>
<td>$600,000</td>
<td>$250,000 from GF/GP; $350,000 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:
The Respite Care Program is designed to provide companionship and/or assistance for frail elderly people when the primary caretaker is unavailable.
Recommended Action:

The Respite Care Program suffers the same defects as the Community Services program above, and it should be eliminated for the same reasons.

Program Gross Appropriation Appropriation Breakdown
Employment Assistance $2,632,700112 All from Federal Funds

Program Description:

The Employment Assistance program contracts with over 200 people throughout the state who help seniors find employment. The majority of seniors who participate in the program are placed into minimum wage jobs.

Recommended Action:

The Employment Assistance program duplicates the efforts of many private organizations, and job placement is not the responsibility of government. This program should be eliminated.

Program Gross Appropriation Appropriation Breakdown
Nutrition Services; DAG Commodity Supplement $31,064,500113 $16,622,000 from Federal Funds; $14,442,500 from GF/GP

Program Description:

Nutrition Services is divided into two sections: Congregate Meals and Home Delivered Meals. Congregate Meals provides lunch and social programs to seniors at various senior centers throughout the state. Home Delivered Meals, as the name implies, provides home delivered meals to frail elderly persons. For both programs, the meals are provided free of charge to the recipients and they are not means tested; that is, seniors from all income levels are eligible for these programs.

The DAG Commodity Supplement is a grant from the United States Department of Agriculture which funds the costs of the food distributed via the Congregate Meal program.

Recommended Action:

These programs take resources from families and communities through taxation, funnel it through expensive state and federal bureaucracies, and return a fraction of the amount taken to certain selected individuals and organizations. These resources must be left with individual families and local communities who are close to the problems, and who can provide assistance that is more accountable and effective than that from distant bureaucracies in Lansing and Washington. This program is one which tears down civil society, and should be eliminated.

Program Gross Appropriation Appropriation Breakdown
Senior Volunteer Services $4,030,900114 $3,627,800 from Federal Funds; $403,100 from GF/GP

Program Description:

Senior Volunteer Services is comprised of three programs: the Senior Companion Program; the Foster Grandparent Program; and the Retired Seniors Volunteer Program. The Senior Companion Program pays volunteers $3.00 an hour to assist other seniors with cooking, cleaning, and personal hygiene; the Foster Grandparent Program pays senior volunteers $3.00 an hour to assist Developmentally Disabled students in schools throughout the state with a wide variety of tasks and problems; the Retired Seniors Volunteer Program reimburses the travel costs of seniors who volunteer to tutor students in Michigan elementary and secondary schools.
Recommended Action:
The state should eliminate these programs for the same reasons listed for the nutrition programs. Further, these programs pervert the term "volunteer," and erode the charitable instinct in people who historically have given of their time to help others without expecting payment from the state or federal government. It is a sad manifestation of how political society has diminished the sense of community responsibility that characterizes civil society.

MDMB Programs to be Downsized

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Services to the Aging Administration; Information System for the Office of Services to Aging; Michigan Commission on Services to the Aging</td>
<td>$5,177,800\textsuperscript{115}</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
These line items set policy for the Office of Services to the Aging and provide administrative and computer support to the Office.

Recommended Action:
With the elimination of approximately 95% of the programs currently conducted by the Office of Services to the Aging, comes the ability to reduce these line items a corresponding percentage, thus producing a savings of $4,918,910.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants Administration</td>
<td>$596,100\textsuperscript{116}</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
Grants Administration, as the name implies, is responsible for allocating and administering MDMB grants.

Recommended Action:
With the elimination of various grants, which comprise approximately 30% of total grant appropriations, comes the ability to reduce this line item by a corresponding percentage, thus producing a savings of $178,830.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmentwide Services;</td>
<td>$10,796,600\textsuperscript{117}</td>
<td>All from GF/GP</td>
</tr>
<tr>
<td>Unclassified Salaries</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Program Description:
These line items provide administrative support to the Director and the Department as a whole.

Recommended Action:
With the elimination of approximately 35% of the Department's programs comes the ability to reduce these line items a corresponding percentage, thus producing a savings of $3,778,810.


Department of Mental Health

Appropriations Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual 118</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
<td>$71,878,000</td>
<td>$71,878,000</td>
<td>0</td>
</tr>
<tr>
<td>Federal Funds:</td>
<td>$450,198,900</td>
<td>$450,198,900</td>
<td>0</td>
</tr>
<tr>
<td>State General Fund/General Purpose:</td>
<td>$1,018,855,100</td>
<td>$862,469,970</td>
<td>$156,385,130</td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td>$65,846,400</td>
<td>$65,846,400</td>
<td>0</td>
</tr>
<tr>
<td><strong>Gross Appropriation:</strong></td>
<td><strong>$1,606,778,400</strong></td>
<td><strong>$1,450,393,270</strong></td>
<td><strong>$156,385,130</strong></td>
</tr>
</tbody>
</table>

The powers and duties of the Michigan Department of Mental Health (MDMH) are enumerated in the state's Mental Health Code. They include the following: "(1) function in the areas of mental illness, developmental disabilities, organic brain and other neurological impairment or disease, alcoholism, substance abuse, the prevention of mental disability, and the promotion of good mental health; (2) provide on a residential or nonresidential basis, any type of patient or client service including but not limited to prevention, diagnosis, treatment, care, education, training, and rehabilitation; (3) engage in research programs and professional training programs; (4) operate directly or through contractual arrangement the facilities that are necessary or appropriate; and (5) promote and maintain an adequate and appropriate system of county community mental health services throughout the state in which the Department shifts the primary responsibility for the direct delivery of public mental health services from the state to a county."

As a great deal of recent scholarship has found, state run mental health programs are often harmful to the very patients they were intended to help; many have proven themselves to be excessively controlling, and even dehumanizing. Moreover, many of Michigan's mental health programs, like programs located throughout the budget, have swelled in size due to excessive bureaucracy and mismanagement. Curing these two problems--eliminating unnecessary and counterproductive programs as well as reducing overhead and management costs--is what the state should do in the next fiscal year; and it could to do so by implementing the changes listed below.

MDMH Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Support Subsidy</td>
<td>$12,060,500 120</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
The Family Support Subsidy Program grants the family of a developmentally disabled or autistic child $222 a month if that child lives at the family's home and the family's income is $60,000 or less.

Recommended Action:
There once was a time in Michigan when we expected parents to love and care for their children despite their children's abilities or disabilities. Today, apparently, state government must pay parents to do this. This embarrassing program is further proof of the dominance of political society, and how it wages war against the most basic of human virtues found in civil society. Parents must learn to appreciate the dignity and worth of all human beings, not just the flawless. It should not be the role of state government to pay parents to care. This program should be eliminated immediately.
Program | Gross Appropriation | Appropriation Breakdown
---|---|---
Program Description: Pilot Projects in Prevention for Adults and Children | $1,513,800 | All from GF/GP

**Recommended Action:**

This program funds experimental projects that attempt to foster mental and psychological health in economically stressed communities. Examples of past projects include: visits by psychiatrists and mental health experts to the homes of economically disadvantaged infants, in an attempt to facilitate the attachment and bonding process between parents and their children; visits by psychiatrists and mental health experts to the homes of children whose parents or siblings have recently been incarcerated, in an attempt to minimize the trauma of such events; and dropout prevention programs in schools located in economically stressed areas.

Program Description: Foster Grandparent and Senior Companion Program | $1,872,400 | All from GF/GP

**Recommended Action:**

The Foster Grandparent and Senior Companion Program pays senior citizens $4 an hour--up to ten hours a week--to act as companions to developmentally disabled individuals.

Program Description: MDMH Programs to be Downsized | 

**Recommended Action:**

As was stated in our discussion of the Senior Volunteer Services Program in the MDMB budget, the state should not be subsidizing activities such as this--activities that were once thought of as simply being entirely voluntary in nature. It is a perverse manifestation of political society that we think we must pay people do what friends and neighbors have done for millennia: help each other. This program should be eliminated immediately.

Program Description: State Psychiatric Hospitals for Adults | $224,233,600 | $6,249,500 from Federal Funds; $190,252,900 from GF/GP; $27,731,200 from Special Revenue Funds

- Caro Mental Health Center-Psychiatric Services Unit, which was established in 1913 and is housed in the Caro Regional Mental Health Center;
- Clinton Valley Center, which occupies a 431-acre tract of land in Pontiac and was established in 1877 as the Eastern Michigan Asylum; the current name was adopted in 1972;
- Detroit Psychiatric Institute (DPI), which was established in 1915 and is now housed in Detroit's Herman Kiefer Hospital; the state leases the property from the city of Detroit;
• Kalamazoo Regional Psychiatric Hospital, which, established in 1859, is the oldest institution of its kind in the state;
• Northville Psychiatric Hospital, which was established in 1952, and is located on 502 acres in northwest Wayne County;
• Walter P. Reuther Psychiatric Hospital, which was purchased from Wayne County in 1979, and now operates as a special facility for the care of geriatric individuals; it is located in Westland; and
• Center for Forensic Psychiatry, which is located in Ann Arbor and was established in 1974 for the diagnosis, evaluation, and treatment of persons committed to the department by criminal courts.

Recommended Action:
In the past five fiscal years, the state has taken great strides to bring this section of the budget under control; it has closed five facilities that were simply no longer necessary: Coldwater, Lafayette, Newberry, TCRPH, and Ypsilanti. Yet, the remaining hospitals’ budgets still remain tremendously bloated. While all of the seven remaining hospitals have experienced dramatic reductions in occupancy over the past several years, every one of them has received substantially greater funding.

For the years 1989 and 1995, the average occupancy for the seven facilities was as follows:

<table>
<thead>
<tr>
<th>Facility</th>
<th>1989</th>
<th>September 13, 1995</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caro</td>
<td>104</td>
<td>89</td>
<td>- 15</td>
</tr>
<tr>
<td>Clinton Valley</td>
<td>471</td>
<td>323</td>
<td>- 148</td>
</tr>
<tr>
<td>DPI</td>
<td>148</td>
<td>95</td>
<td>- 53</td>
</tr>
<tr>
<td>Kalamazoo</td>
<td>513</td>
<td>176</td>
<td>- 337</td>
</tr>
<tr>
<td>Northville</td>
<td>742</td>
<td>388</td>
<td>- 354</td>
</tr>
<tr>
<td>Reuther</td>
<td>272</td>
<td>190</td>
<td>- 82</td>
</tr>
<tr>
<td>Forensic</td>
<td>224</td>
<td>217</td>
<td>- 7</td>
</tr>
<tr>
<td>Total</td>
<td>2474</td>
<td>1478</td>
<td>- 996</td>
</tr>
</tbody>
</table>

Thus, occupancy for the seven facilities dropped 40.3 percent during this period. Nevertheless, funding for these same hospitals increased from $146,707,800 to $224,233,600 during the same period, an increase of nearly 35 percent.

To correct for this discrepancy, the state should retroactively index spending to occupancy and inflation, which was approximately 21 percent during this period. Thus, one would utilize the following formula: $146,707,800 * (1 + 0.21-0.403), which would yield a total of $118,393,190--thus producing a savings of $105,840,410 from the actual fiscal year 1995-96 appropriation of $224,233,600.

<table>
<thead>
<tr>
<th>Program Description:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The state currently operates four state psychiatric hospitals for children and adolescents:</td>
</tr>
<tr>
<td>• Fairlawn Center, which was opened in 1967 and is housed at the Clinton Valley Center;</td>
</tr>
<tr>
<td>• Hawthorn Center, which was opened in 1965 and is located in Northville;</td>
</tr>
<tr>
<td>• Pheasant Ridge Center, which is now housed at the Kalamazoo Regional Psychiatric Hospital; and</td>
</tr>
<tr>
<td>• Detroit Psychiatric Institute (DPI), which was established in 1915 and is now housed in Detroit's Herman Kiefer Hospital; the state leases the property from the city of Detroit.</td>
</tr>
</tbody>
</table>
Recommended Action:

In the past three fiscal years, the state has taken great strides to bring this section of the budget under control; it has closed three facilities that were simply no longer necessary--Engstrom, Lafayette, and York Woods--and it has announced that it plans to close Fairlawn in the near future. Yet, the remaining hospitals' budgets (including Fairlawn) still remain tremendously bloated. While all but one of the four remaining hospitals, DPI, have experienced reductions in occupancy over the past several years, the hospitals as a group have received substantially greater funding.

For the years 1989 and 1995, the average occupancy for the seven facilities was as follows:

<table>
<thead>
<tr>
<th>Facility</th>
<th>Number of Patients</th>
<th>September 13, 1995</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairlawn</td>
<td>117</td>
<td>26</td>
<td>- 91</td>
</tr>
<tr>
<td>Hawthorn</td>
<td>116</td>
<td>64</td>
<td>- 52</td>
</tr>
<tr>
<td>Pheasant Ridge</td>
<td>38</td>
<td>12</td>
<td>- 26</td>
</tr>
<tr>
<td>DPI</td>
<td>11</td>
<td>12</td>
<td>+ 1</td>
</tr>
<tr>
<td>Total:</td>
<td>282</td>
<td>114</td>
<td>- 168</td>
</tr>
</tbody>
</table>

Thus, occupancy for the seven facilities dropped 59.6 percent during this period. Nevertheless, funding for these same hospitals increased from $28,351,600 to $32,280,200 during the same period, an increase of over 12 percent.

To correct for this discrepancy, the state should retroactively index spending to occupancy and inflation, which was approximately 21 percent during this period. Thus, one would utilize the following formula: $28,351,600 * (1 + 0.21-0.596), which would yield a total of $17,407,882--thus producing a savings of $15,412,320 from the actual fiscal year 1995-96 appropriation of $32,820,200.

Program Description:
The state currently operates three state centers for persons with developmental disabilities:

- Caro Mental Health Center-Developmental Disabilities Unit, which is housed in the Caro Regional Mental Health Center;
- Mount Pleasant Center; and
- Southgate Center, which was opened in 1977.
For the years 1989 and 1995, the average occupancy for the three facilities was as follows:

<table>
<thead>
<tr>
<th>Facility</th>
<th>1989</th>
<th>September 13, 1995</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caro</td>
<td>264</td>
<td>102</td>
<td>-162</td>
</tr>
<tr>
<td>Mount Pleasant</td>
<td>215</td>
<td>172</td>
<td>-43</td>
</tr>
<tr>
<td>Southgate</td>
<td>174</td>
<td>127</td>
<td>-47</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>653</td>
<td>401</td>
<td>-252</td>
</tr>
</tbody>
</table>

Thus, occupancy for the seven facilities dropped 38.6 percent during this period. Nevertheless, funding for these same hospitals increased from $37,425,000 to $50,523,900 during the same period, an increase of over 26 percent.  

To correct for this discrepancy, the state should retroactively index spending to occupancy and inflation, which was approximately 21 percent during this period. Thus, one would utilize the following formula: $37,425,000 * (1 + 0.21-0.386), which would yield a total of $30,838,200--thus producing a savings of $19,685,700 from the actual fiscal year 1995-96 appropriation of $50,523,900.

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120 1995 Enrolled House Bill Number 4415, page 3.
121 1995 Enrolled House Bill Number 4415, page 3.
123 Ibid, pages 4-6.
131 1995 Enrolled House Bill Number 4415, pages 5-6.


Department of Military Affairs

Appropriations Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Federal Funds:</td>
<td>$34,831,400</td>
<td>$34,331,400</td>
<td>$500,000</td>
</tr>
<tr>
<td>State General Fund/General Purpose:</td>
<td>$36,425,100</td>
<td>$33,412,400</td>
<td>$3,012,700</td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td>$14,616,000</td>
<td>$14,316,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>Gross Appropriation:</td>
<td>$85,872,500</td>
<td>$82,059,800</td>
<td>$3,812,700</td>
</tr>
</tbody>
</table>

The Michigan Department of Military Affairs (MDMA) constitutes the armed forces of Michigan. The armed forces of Michigan, and the Army and Air National Guard, serve under the orders of the governor as commander-in-chief. The governor appoints an adjutant general to serve as commanding general of the Michigan National Guard and director of the Department of Military Affairs. The Michigan Army and Air National Guard have a mission to both the federal government and the state of Michigan. The Department also operates the state's two veterans homes: the Grand Rapids Veterans' Home and the D.J. Jacobetti Veteran's Home.

The Department of Military Affairs should continue to fund its primary program: the Michigan National Guard, whose goal is to protect the lives and property of Michigan's citizens during times of natural disaster and to preserve the peace, order, and public safety at the direction of the Governor. It should, however, do no more.

The Michigan Department of Military Affairs provides a valuable service to the residents of Michigan: the maintenance and provision of the Michigan National Guard. It does, however, provide some unnecessary and costly programs that are a burden to Michigan citizens. The state legislature should act to correct this problem by implementing the changes listed below.

**MDMA Programs to be Eliminated**

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starbase Grant</td>
<td>$500,000(^{138})</td>
<td>All from Federal Funds</td>
</tr>
</tbody>
</table>

**Program Description:**

The Starbase Program--founded in FY 1991 by the 127th Fighter Wing Division--is aimed at attracting and preparing students for science, mathematics, engineering and technology-related fields of study, with special attention given to "at-risk" youth. The program, conducted at Selfridge Air Force Base, gives students hands-on experience with high-tech equipment.

**Recommended Action:**

There is no reason for the Department to fund such a program, as preparing students for science, mathematics, engineering, and technology-related fields of study is the responsibility of schools, parents, and students themselves. Moreover, there are already a number of private organizations that conduct similar events. For example, the General Motors Institute in Flint organizes various hands-on programs involving advanced technology for high school students in the Genesee County area.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan Freedom Academy</td>
<td>$300,000(^{139})</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The Michigan Freedom Academy—which is not listed as a separate line item in the budget, but is nonetheless located under the division "Departmentwide Appropriations"—is a one-week camp held at Phelps Collins Air National Guard Base in Alpena. The objective of the program—which is open to high school juniors who are active in extracurricular activities, have a grade point average of 3.0 or better, and plan on attending college—is to "promote a sense of patriotism, the desire to lead, and an appreciation of freedom and a better understanding of civic responsibilities among Michigan's future leaders." It attempts to accomplish this goal by sponsoring lectures for students by political officials, spiritual leaders, business and industry executives, labor leaders, media representatives, education officials, and military representatives, and by organizing discussions, field exercises, physical competitions, and social activities for the participants.

**Recommended Action:**

The Michigan Freedom Academy is an unnecessary program for the state to conduct, as students can, and do, participate in similar activities through a variety of privately run programs—such as internships with private companies, organizations, and foundations. Moreover, the Michigan Freedom Academy—like the Starbase Grant Program—simply is not necessary to the successful functioning of the Michigan National Guard, and, hence, should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans Service Organizations</td>
<td>$3,012,700</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**

This program awards grants to various veterans groups within the state to aid them in their operations. For fiscal year 1995-96, the following grants have been appropriated:

- American Legion: $676,200
- Disabled American Veterans: $614,000
- Marine Corps Veterans: $282,000
- American Veterans of World War II and Korea: $389,600
- Veterans of Foreign Wars: $742,700
- Michigan Paralyzed Veterans of America: $138,900
- Purple Heart: $132,300
- Veterans of World War I: $100
- Polish Legion of American Veterans: $34,700
- Jewish Veterans of America: $34,700
- Vietnam Veterans of Michigan: $46,400
- Catholic War Veterans: $11,100

**Recommended Action:**

These organizations have shown the ability to successfully raise funds for their operations via membership dues, the management of their own restaurants and bars, and other fundraising activities. They do not need grants from the state for their continued existence. This program should be eliminated.

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139 Ibid, page 2.
141 1995 Enrolled Senate Bill Number 303, page 2.
In August of 1995, Governor Engler radically changed the organization of the Michigan Department of Natural Resources (MDNR). He split MDNR into two Departments: the Department of Environmental Quality (MDEQ), which will oversee the environmental quality programs previously conducted by MDNR, and the Department of Natural Resources itself, which will manage state park and outdoor sports programs. The decision was a wise one. Because the Department of Environmental Quality will answer directly to the Governor with no commission in between, greater political accountability will be achieved; the Governor and his staff will have to take direct responsibility for both the successes and the failures of the new Department. And this is exactly what the MDNR needs.

The Department of Natural Resources has grown remarkably arrogant in recent years, treating with grave disrespect the basic human right to own property. Indeed, in its quest to improve environmental and ecological quality within the state, it has too often behaved as if the rights of landowners are mere technicalities. In short, many in the Department seem to believe that private property rights are often necessarily a barrier to environmental health. This could not be further from the truth. Private property is the cornerstone of environmental quality. When one looks at the worst examples of recent environmental degradation, one sees that such catastrophes are due to public, not private ownership of land, and the failure of government to properly enforce both property rights and contracts. Profits are not inimical to environmental quality, but politics are.

Over the next decade, the state should take radical steps to decrease the power and size of both the MDNR and the MDEQ, as their programs, in far too many cases, are actually obstacles to Michigan's environmental health. A good start toward this goal would be to immediately implement the changes listed below. (It should be noted that all programs listed below are found in the 1995-96 MDNR budget, even though some of them will obviously come under the aegis of the MDEQ. This is due to the fact that the 1995-1996 MDNR budget was approved prior to the official creation of the MDEQ.)

### MDNR Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources Magazine</td>
<td>$52,200</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**

This line item is responsible for the publication of Natural Resources magazine, which has an annual circulation of 400,000 and is published six times a year with no paid advertising. This office also prints books and other publications that provide natural resource information, as well as sells nearly fifty titles purchased from private, commercial book publishers.

**Recommended Action:**

The Michigan Department of Management and Budget (MDMB), in a 1992 publication, stated, "The magazine regularly loses money. It is possible a private publisher would be able to produce the magazine at either
no cost to the state, or a profit to the state through the sale of publishing rights.\textsuperscript{146} While production of the magazine is now done privately, the state should immediately sell the publication to the private sector.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of the Great Lakes</td>
<td>$159,700\textsuperscript{147}</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
This office, established in 1985, serves as an information source on the Great Lakes to both the public at large and to all levels of government. It also recommends new governmental policies and programs regarding the protection and management of the Great Lakes.

**Recommended Action:**
There is little reason for the continuation of this office, as it now functions largely as a tool to increase tourism within the state, duplicating the efforts of many groups throughout Michigan. Moreover, should the office abandon this practice and concentrate solely on the protection of the Great Lakes, its existence is still objectionable. Protection of the Great Lakes should emphasize strengthening the property rights of lakefront land owners and enhancing their ability to enforce those rights against polluters through the judicial system. The Office of the Great Lakes should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish Production</td>
<td>$6,804,000\textsuperscript{148}</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The line item described as "Fish Production" collects, incubates, and hatches eggs and transports fish to both the Great Lakes and inland fisheries.

**Recommended Action:**
MDMB has written, "Several states contract for the operation of hatcheries. Other states neither own nor operate hatcheries. Those states purchase fish from private hatcheries. The DNR needs to determine the most cost-effective . . . arrangement."\textsuperscript{149} And that would be for the state to immediately sell its hatcheries, and use the revenue to purchase fish from private hatcheries--when necessary.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>MacMullan Conference Center</td>
<td>$1,121,100\textsuperscript{150}</td>
<td>All from Interdepartmental Grants</td>
</tr>
</tbody>
</table>

**Program Description:**
The MacMullan Conference Center is a hotel/lodge located on Higgins Lake. It is used by a wide range of governmental agencies for overnight training sessions and conferences. It can house up to 100 people a night.

**Recommended Action:**
As recommended by the MDMB in its 1992 study, the state should not operate a resort-type facility for its employees.\textsuperscript{151} The MacMullan Conference Center should be sold to the private sector.
<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Forest Development</td>
<td>$857,900 (^{152})</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
This program provides financial assistance to private landowners in hopes of facilitating wise ecological use of their property.

**Recommended Action:**
Private landowners, many of whom are financially well off, should be responsible for the stewardship of their land, and have a financial incentive to do so. They can rely on a variety of private sector environmental, agricultural, and educational organizations for information regarding the best ecological methods. Michigan citizens should not be required to subsidize private landowners; this program should be eliminated immediately.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hunting Access Program</td>
<td>$315,500 (^{153})</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The Hunting Access Program leases private lands throughout southern Michigan for public hunting. For the upcoming fiscal year, the state has leased property from 237 landowners in 37 counties.

**Recommended Action:**
This is another clear example of the dominance of political society, with the state interfering in an area where private individuals can, and do, perform the same activity through civil society means. Every year thousands of Michigan hunters reach mutually beneficial agreements with private landowners regarding their desire to hunt on the landowners' property. This system works well, and there is no reason to believe it won't continue to do so in the future. The Hunting Access Program should be eliminated immediately.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Docks and Harbor Development</td>
<td>$2,191,000 (^{154})</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The Dock and Harbor Development Program, in an attempt to encourage tourist-related economic development, assists with the development of harbors and docking facilities on the Great Lakes shoreline.

**Recommended Action:**
The state already runs an extensive public access sites program that acquires, develops, and maintains public docks and launching sites throughout the state—including sites located on the Great Lakes. Indeed, as of 1995, the state operates more than 680 such sites statewide. The state does not need to further its involvement in similar activities. This program should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Stewardship Grants</td>
<td>$625,000 (^{155})</td>
<td>All from Federal Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The Forest Stewardship Grants assist private landowners develop plans for long-term protection of private forest resources.
**Recommended Action:**
Private landowners, many of whom are financially well off, should be responsible for the stewardship of their land, and have a financial incentive to do so. They can rely on a variety of private sector environmental, agricultural, and educational organizations for information regarding the best ecological methods. Michigan citizens should not be required to subsidize private landowners; this program should be eliminated immediately.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Forestry Grants</td>
<td>$400,000</td>
<td>All from Federal Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The Urban Forestry Grants provide information and technical assistance to local governments and volunteer groups for urban forest activities such as tree inventories and planting.

**Recommended Action:**
Local governments and volunteer groups should be responsible for their own urban forest activities. This program should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBA Tree Planting Grants</td>
<td>$800,000</td>
<td>All from Federal Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
This program provides grants to small businesses who agree to plant trees on non-federal public lands.

**Recommended Action:**
Local governments and private organizations should take responsibility for these activities themselves. This program should be eliminated.

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147 1995 Enrolled Senate Bill Number 299, page 3.


152 1995 Enrolled Senate Bill Number 299, pages 6-7.

153 Ibid, page 5.


Department of Public Health

Appropriations Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants</td>
<td>$23,653,500</td>
<td>23,653,500</td>
<td>0</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$351,303,500</td>
<td>291,334,010</td>
<td>$59,969,490</td>
</tr>
<tr>
<td>State General Fund/General Purpose</td>
<td>$182,447,900</td>
<td>146,279,590</td>
<td>$36,168,310</td>
</tr>
<tr>
<td>Special Revenue Funds</td>
<td>$130,502,100</td>
<td>121,960,390</td>
<td>$8,541,710</td>
</tr>
</tbody>
</table>

Gross Appropriation: $687,907,000 $583,227,490 $104,679,510

The objectives of the Michigan Department of Public Health (MDPH), according to the *Michigan Manual*, are "to prevent disease; prolong life; promote health through organized community programs for sanitation, protection of the environment, and control of communicable and chronic disease; education of individuals by promoting behavior conducive to better personal health; and the development of comprehensive quality medical services and facilities for the early diagnosis and care of the sick." Many of these objectives fall well beyond the scope of government in civil society. For example, individuals themselves, and private educational and social welfare organizations, should take responsibility for education regarding healthy behaviors.

MDPH has grown too large and too intrusive. It seems to operate on the political society premise that most people are unable to decide for themselves what course of action should be taken regarding their health, and that any shortcoming in public health must be met with government intervention. This is not the case.

**MDPH Programs to be Eliminated**

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migratory Labor Housing Fund</td>
<td>$300,000</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:

The Migratory Labor Housing Fund assists migrant farmers with the building or improvement of housing. The program is matching in nature; if a migrant spends $500, for example, to build or renovate housing, the state will match that $500. This appropriation was increased by $225,000 from the previous fiscal year due to a backlog of over 1,000 grant applications.

Recommended Action:

Migrant workers, an important part of Michigan agriculture, come to Michigan because the economic opportunities here are superior to other available alternatives. State government should not distort these economic decisions by subsidizing migrant housing. In addition to preventing the labor market from operating efficiently, state subsidies are unfair to Michigan laborers, who should be on equal footing with migrant laborers. The Migratory Labor Housing Fund should be discontinued.
Program Gross Appropriation Appropriation Breakdown

Occupational Health Standards Commission; Occupational Health Administration

$4,634,700\(^{162}\) $2,427,100 from Federal Funds; $2,207,600 from GF/GP

Program Description:
These programs implement and develop state occupational health standards policy.

Recommended Action:
These programs duplicate federal occupational health standards programs. They should be eliminated.

Program Gross Appropriation Appropriation Breakdown

Dry Cleaning Program

$305,700\(^{163}\) All from Special Revenue Funds

Program Description:
This program is responsible for inspecting dry cleaning establishments throughout Michigan, to ensure that they are conforming to state health regulations. Each proprietor of a dry cleaning facility is required to pay a fee that covers the cost of the inspection.

Recommended Action:
There is no reason for the dry cleaning industry to be forced to pay for state inspections of their businesses. If there is reason to believe that a certain business is guilty of violating regulations, then the firm's employees or the state should take the necessary steps at that point, not prior to the violation. The vast majority of Michigan dry cleaners dutifully obey the regulations to which they are subject--a fact that wouldn't change if the state were to end the inspection process.\(^{164}\)

Program Gross Appropriation Appropriation Breakdown

Indian Health Care

$309,500\(^{165}\) All from GF/GP

Program Description:
The Indian Health Care Program awards grants to tribal councils in Wayne, Lansing, Grand Rapids, and Saginaw in an effort to inform non-reservation Indians of state-run health services programs available to them.

Recommended Action:
This type of public health information should be provided and funded by private organizations, not the state. This program should be eliminated.

Program Gross Appropriation Appropriation Breakdown

Minority Health Grants and Contracts, Office of Minority Health

$918,400\(^{166}\) $650,000 from Federal Funds; $144,940 from GF/GP; $123,460 from Special Revenue Funds

Program Description:
These programs are aimed at informing minorities of state-run health services programs available to them.

Recommended Action:
Informing minorities of available programs should be the responsibility of the many private organizations that work to advance their interests. There is no need for state subsidies; this program should be eliminated.
### Program

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sexually Transmitted Disease Control Local Agreements</td>
<td>$2,205,700&lt;sup&gt;167&lt;/sup&gt;</td>
<td>$1,764,560 from Federal Funds; $441,140 from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
This program disperses funds to local health departments in the 14 Michigan counties which report over 90% of sexually transmitted diseases in the state. Free treatment to all, regardless of income, is provided at public clinics within these 14 counties.

**Recommended Action:**
This program is another example of a system that takes resources from families and communities through taxation, funnels it through expensive state and federal bureaucracies, and returns a fraction of the amount taken to certain selected individuals and organizations. These resources must be left with individual families and local communities who are close to the problems, and who can provide assistance that is more accountable and effective than that from distant bureaucracies in Lansing and Washington. This program is one which tears down civil society, and should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sexually Transmitted Disease Control Management and Field Support</td>
<td>$2,454,400&lt;sup&gt;168&lt;/sup&gt;</td>
<td>$368,160 from Federal Funds; $2,086,240 from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
This program includes funding for the management and field staff of the Sexually Transmitted Disease Control Program.

**Recommended Action:**
With the elimination of the Sexually Transmitted Disease Control Program comes the ability to eliminate these administrative programs as well.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Health Grant</td>
<td>$168,800&lt;sup&gt;169&lt;/sup&gt;</td>
<td>$42,200 from Federal Funds; $126,600 from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
This program funds a comprehensive survey and analysis of rural health care in Michigan. Originally, the study was conducted by Michigan State University, but now is handled by a non-profit organization.

**Recommended Action:**
This research, if needed and not available from other sources, should be funded by private organizations and individuals. The program should be eliminated.
Program Description:
The AIDS and Risk Reduction Clearinghouse and Media Campaign contracts with Brogan & Company, a Detroit-based advertising agency, to produce a wide variety of informational advertisements aimed at reducing the spread of AIDS within Michigan.

Recommended Action:
This AIDS education program is another example of a system that takes resources from families and communities through taxation, funnels it through expensive state and federal bureaucracies, and returns a fraction of the amount taken to certain selected individuals and organizations. These resources must be left with individual families and local communities who are close to the problems, and who can provide assistance that is more accountable and effective than that from distant bureaucracies in Lansing and Washington. This program should be eliminated.

Program Description:
The Chronic Disease Prevention Program provides funds to local health departments to develop community coalitions to address chronic diseases and to develop programs and provide grants to reduce chronic disease, with the focus being on heart disease and cancer. A primary activity of the program is to provide free blood pressure monitoring in shopping malls and schools.

Recommended Action:
Heart disease and cancer are dreadful diseases that, sadly, take the lives of thousands of Michigan residents each year; they need to be fought diligently and methodically. But the crucial question is, “By whom?” Like AIDS, these are diseases about which we know a great deal, including how to help prevent them and how to diagnose them. Most Michigan citizens know the risks they are taking everyday by their choice of behavior—whether it be eating poorly, smoking, drinking, or other high-risk activities. Those who knowingly engage in such behavior should be asked to bear responsibility for their actions. Any lack of information or assistance should be provided by organizations like the American Cancer Society and the American Heart Association, just to name two of countless similar organizations. Over time, government funding only weakens organizations like these, and diminishes community efforts. This program should be eliminated.

Program Description:
The Injury Control Intervention Project attempts to lessen transportation injuries throughout the state. For example, the program funds advertising and promotional campaigns encouraging people to wear head gear when operating a bicycle and seat belts when operating an automobile.

Recommended Action:
These safety education programs should be, and are being, handled by private sector organizations. There is no need for the continuation of this program.
**Program**

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smoking Prevention Program</td>
<td>$1,487,500\textsuperscript{173}</td>
<td>All from Federal Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The Smoking Prevention Program assists community coalitions with a variety of anti-smoking projects, such as speakers in schools and advertising campaigns.

**Recommended Action:**
The important goals of this program should be, and are being, advanced by private sector organizations. This program should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey and Analysis</td>
<td>$460,300\textsuperscript{174}</td>
<td>$414,270 from GF/GP; $46,030 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The line item described as Survey and Analysis funds a phone survey to gather information on risk behavior. The focus is on the relationship between behavior and chronic disease, such as heart disease and cancer.

**Recommended Action:**
The purposes of this program, if truly necessary, should be carried out by private organizations. This program should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pregnancy Prevention Program</td>
<td>$7,243,100\textsuperscript{175}</td>
<td>$1,448,620 from Federal Funds; $4,345,860 from GF/GP; $1,448,620 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The Pregnancy Prevention Program is aimed at preventing teen pregnancy. Each person who chooses to enter the program will receive a booklet containing educational information to assist them in making decisions regarding birth control.

**Recommended Action:**
Pregnancy prevention should be the responsibility of families, churches, and other community organizations, not state government. This program should be terminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Substance Abuse Prevention, Education, and Treatment</td>
<td>$65,840,400\textsuperscript{176}</td>
<td>$44,113,070 from Federal Funds; $16,758,430 from GF/GP; $4,968,900 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
This program disperses education and treatment grants to 18 agencies and treatment centers. The treatment that is funded by these grants is entirely outpatient and residential; there is no hospitalization.
Recommended Action:
Substance abuse is a serious problem that leads to a loss in productivity, the breakdown of families, and a number of other adverse consequences. However, this program is another example of a system that takes resources from families and communities through taxation, funnels it through expensive state and federal bureaucracies, and returns a fraction of the amount taken to certain selected individuals and organizations. These resources must be left with individual families and local communities who are close to the problems, and who can provide assistance that is more accountable and effective than that from distant bureaucracies in Lansing and Washington. The Community Substance Abuse, Prevention, Education, and Treatment Grant Program should be immediately eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Disability Assistance</td>
<td>$6,600,000</td>
<td>All from GF/GP</td>
</tr>
<tr>
<td>Program for Substance Abuse Services</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Program Description:
This program pays for the room and board for those who, through the State Disability Assistance Program, are evaluated as being eligible for treatment at residential substance abuse centers.

Recommended Action:
As was stated above, families and community organizations must be left with the resources to help those in need, not surrender this responsibility and their resources to state government. This program should be eliminated at once.

MDPH Programs to be Downsize

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclassified Salaries; Executive Direction</td>
<td>$5,459,500</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
The line items described as "Unclassified Salaries" and "Executive Direction" set policy for the Department of Public Health as a whole.

Recommended Action:
With the elimination of approximately 15% of the Public Health budget, comes the ability to downsize this appropriation by a commensurate amount, thus producing a savings of $467,075.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Occupancy Charges; Rent</td>
<td>$956,900</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

Program Description:
These line items describe the fees incurred by the department for rent and occupancy.

Recommended Action:
With the elimination of approximately 15% of the Public Health budget, comes the ability to downsize this appropriation by a commensurate amount, thus producing a savings of $143,535.


160 1995 Enrolled Senate Bill Number 4420, page 2.


165 1995 Enrolled Senate Bill Number 4420, page 5.

166 Ibid, page 2.


170 Ibid, pages 5-6.

171 Ibid, pages 5-6.

172 Ibid, pages 5-6.

173 Ibid, pages 5-6.


175 Ibid, pages 6-7.


The Department of Social Services, which directs the operations of public assistance and service programs throughout Michigan, should be considered for sizable reductions. Indeed, as many critics of the modern welfare state have argued, an appropriate long term goal would be the abolition of all state-run public assistance programs, as these programs, through the codification of many perverse incentives, have led to a destructive cycle of dependency that has threatened to destroy many of our nation's cities—including many large urban areas in Michigan. The failed programs of political society must be replaced by a resurgence of the private intermediary institutions of civil society. While this is clearly not a feasible course of action for the state to take in the next fiscal year, it is nonetheless the direction that it should be moving. As a result, the programs below should be eliminated.

**MDSS Programs to be Eliminated**

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstration Projects</td>
<td>$10,281,000</td>
<td>$6,477,030 from Federal Funds; $1,336,530 from GF/GP; $2,467,440 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**

The line item described as "Demonstration Projects" is a series of new pilot programs that the Department tests each year for possible sustained use. Examples of past and current programs include:

- Project Work Plus, which attempts to facilitate the transition from welfare dependency to economic self-sufficiency for Laotian-Hmong families living in the Detroit area through the combination of employment services and comprehensive support services.
- Lansing Hmong Employment Project, which provides employment services to Hmong families in the Lansing area.
- Adopt-a-House, which funds the renovation and repair of homes occupied by low-income families in Grand Traverse County.
- Independent Living Program, which counsels youths 16 years of age and older who are in foster care, or who have been in foster care, as they exit the child welfare services system.

**Recommended Action:**

An appropriate long-term goal for the state legislature would be to eliminate the Department of Social Services entirely. In order to reach that goal, the state must begin to downsize and reform the Department now—which means that instead of introducing new programs, the state should be eliminating and reducing old programs and putting a freeze on the establishment of all new ones, including the Demonstration Projects. The Department
should begin working to return the responsibility for social assistance to the families, churches and community organizations--historically strong institutions that have been weakened by the growth of government involvement in this area.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refugee Assistance Program</td>
<td>$7,377,100\textsuperscript{183}</td>
<td>All from Federal Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The Refugee Assistance Program provides services that are designed to assist refugees in achieving social and economic self-sufficiency. Eligible services include cash and medical assistance; employment and training services; and, on a limited basis, foster care services.

**Recommended Action:**
Immigration has benefited both Michigan and the United States as whole, despite the loud cries to the contrary by many conservative critics. This does not mean, however, that those who flee other countries to live in the United States--for whatever reason--should be entitled to special benefits. The appeal of America has always been, and should continue to be, political freedom and economic opportunity, not government handouts. The Refugee Assistance Program should be discontinued, and replaced with voluntary support from private associations.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Home Help</td>
<td>$110,783,100\textsuperscript{184}</td>
<td>$48,744,565 from Federal Funds; $62,038,535 from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
The Adult Home Help program provides payments to friends and relatives to assist frail and elderly Medicaid recipients in their own homes with such activities as cooking and cleaning. In 1994, there were approximately 26,000 recipients of Adult Home Help grants, each receiving an average payment of $280 a month.

**Recommended Action:**
The Adult Home Help program is a prime example of a welfare service that could be provided by private individuals acting charitably out of their own good will. The friends and relatives who receive state grants to assist elderly adults with basic household services presumably are not driven to provide such a service because of the monetary compensation, but rather by the desire to help someone they care about. This political society approach to helping people corrupts the virtues of charity and family responsibility, and should be eliminated, leaving individuals and families with greater resources to help others.\textsuperscript{185}

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption Subsidies</td>
<td>$77,586,900\textsuperscript{186}</td>
<td>$33,362,365 from Federal Funds; $44,224,535 from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
This program provides support and/or medical subsidies to adoptive families to facilitate the placement of special needs children (for example, handicapped children or large sibling groups). The adoptive family receives a subsidy approximately equal to a foster care subsidy, and a subsidy for medical care at actual expense.

**Recommended Action:**
The state should not be subsidizing adoptive families. Part of the responsibility entailed in being a parent is the provision of medical care and other goods for their children; parents, adoptive or not, should not rely on the state to assist them with this. Moreover, the absence of means-testing for this program creates a perverse cross-subsidization process where less financially secure adoptive parents who do not adopt a special-needs child are asked
to subsidize more financially secure adoptive parents who do. These subsidies should be eliminated, leaving individuals, families, communities with greater resources to provide this type of assistance.

**Program** | **Gross Appropriation** | **Appropriation Breakdown**
---|---|---
Michigan Opportunity Skills Training Program | $14,875,300 | $10,412,710 from Federal Funds; $4,462,590 from GF/GP

**Program Description:**
The Michigan Opportunity Skills Training (MOST) Program provides job training for AFDC recipients, state family assistance recipients, and food stamp recipients.

**Recommended Action:**
Job training is best provided by Michigan businesses and community organizations, not state or federal government programs which often lack accountability and proper focus. If the state and federal government would cease taking these resources from business and individuals, the Michigan business climate would improve, economic opportunity would increase, and the demand for skilled workers would create a greater supply of training programs. The MOST program should be eliminated immediately.

**Program** | **Gross Appropriation** | **Appropriation Breakdown**
---|---|---
Black Child and Family Institute | $100,000 | $30,000 from Federal Funds; $70,000 from GF/GP

**Program Description:**
This program provides services primarily to culturally, economically, educationally, and health disadvantaged children and families in a depressed area of the City of Lansing. Services provided include: health screening, physical examinations, remedial education, education enrichment, tutoring, recreation, counseling, and crisis intervention.

**Recommended Action:**
The purposes of this program should be advanced by private support of local community organizations, not state or federal government. This program should be eliminated.

**Program** | **Gross Appropriation** | **Appropriation Breakdown**
---|---|---
Attorney General Contract | $1,308,900 | $523,560 from Federal Funds; $785,340 from GF/GP

**Program Description:**
This program represents the funds paid to the state's Attorney General office in order to provide legal representation in foster care cases (within Wayne County only) to both the MDSS and the child involved.

**Recommended Action:**
In all other counties in the state except for Wayne, the county's Prosecuting Attorney represents the MDSS and the child in such cases. There is no reason for Wayne County to be an exception; this program should be eliminated.
<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delinquency and Community Based Services</td>
<td>$7,532,900&lt;sup&gt;190&lt;/sup&gt;</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
This program consists of the following: (1) Runaway preventive counseling; (2) Employment counseling; (3) In-home counseling of youth; (4) Counseling for homeless females; (5) Family support and education counseling. Only people ages 12 to 21 are eligible for the aforementioned programs.

**Recommended Action:**
This program takes resources from families and communities, passes it through the state bureaucracy, and returns a fraction of the amount taken to selected individuals and organizations. These funds should be left with the families and communities to support private initiatives to help these target populations. This program should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Residential Care Programs</td>
<td>$6,695,200&lt;sup&gt;191&lt;/sup&gt;</td>
<td>$870,375 from Federal Funds; $5,824,825 from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
This program funds all costs associated with the provision of drug counseling services at halfway houses throughout the state and all the costs associated with providing similar services at the Northwest Center located in Detroit.

**Recommended Action:**
This program takes resources from families and communities, passes it through expensive state and federal bureaucracies, and returns a fraction of the amount taken to selected individuals and organizations. These funds should be left with the families and communities to support private initiatives to help these target populations. This program should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Involvement Project</td>
<td>$415,400&lt;sup&gt;192&lt;/sup&gt;</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
The Family Involvement Project encourages parents to visit their children at detention centers. And for the families who do decide to visit their children there, it provides counseling services for them. The counselors sit in on the meetings between the parents and the children in order to provide assistance during the reconciliation process.

**Recommended Action:**
This type of assistance should be provided by private community associations, not state government. This program should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Detention Services</td>
<td>$1,207,300&lt;sup&gt;193&lt;/sup&gt;</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
This program funds the "regional detention support services" program. Funds are used for a statewide network of juvenile holdover sites and for the costs of home detention with electronic monitoring capabilities. The
primary reason for the creation of the holdover sites and the use of home-monitoring technology is to prevent juveniles from being housed in the same facilities as adults.

**Recommended Action:**
Regional detention centers should be operated by Michigan counties or associations of counties, not the state. This program should be eliminated.

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182 1995 Enrolled Senate Bill Number 300, page 2.


186 1995 Enrolled Senate Bill Number 300, page 3.


188 Ibid, page 3.

189 Ibid, page 3.


Department of State

Appropriations Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
<td>$1,267,700</td>
<td>1,267,700</td>
<td>0</td>
</tr>
<tr>
<td>Federal Funds:</td>
<td>$1,920,000</td>
<td>1,025,000</td>
<td>$895,000</td>
</tr>
<tr>
<td>State General Fund/General Purpose:</td>
<td>$16,214,500</td>
<td>12,143,000</td>
<td>$4,071,500</td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td>$147,157,600</td>
<td>139,430,400</td>
<td>$7,727,200</td>
</tr>
<tr>
<td><strong>Gross Appropriation:</strong></td>
<td><strong>$166,559,800</strong></td>
<td><strong>153,866,100</strong></td>
<td><strong>$12,693,700</strong></td>
</tr>
</tbody>
</table>

The Michigan Department of State (MDS) is the oldest department in the state government. The department conducts programs and services in four major areas: traffic safety and motor vehicle related activities; overseeing statewide elections; maintaining many state and local governmental records; and operating state historical programs.

In the case of the first three areas, there is little that the state legislature can do in the next fiscal year to vastly improve its performance via streamlining, zeroing out, and privatizing programs—although there may be dramatic steps that can, and should, be taken in this direction over a longer period of time.

But in the case of the last area—historical programs—there is room for dramatic improvement. The state should immediately cease all operations in this area, since these programs should be handled by private sector institutions.

MDS Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical Program</td>
<td>$6,350,800</td>
<td>$895,000 from Federal Funds; $4,071,500 from GF/GP; $1,384,300 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:

The Historical Program operates the Michigan Historical Museum in Lansing; administers 9 other field museums and historic sites around the state; administers the state's archaeology program; publishes *Michigan History* magazine; is responsible for the operation of the State Archives of Michigan; oversees the implementation of the National Register of Historic Places; maintains the State Register of Historic Sites; implements the Centennial Farms program; and administers the Michigan Historical Marker program.

Recommended Action:

Michigan has a long and storied history—a history that many have an interest in preserving and recording for future generations. As a result, there is little reason for the state to continue funding the Historical Program. Instead, it should either sell or donate all assets in this area to charitable and educational organizations, such as universities, privately run museums, and historical societies. These organizations would continue to provide similar services commensurate with the voluntary support they receive from Michigan foundations, citizens, and businesses.
<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commemorative, Specialty, Veterans, Organizational, and Olympic Center License Plates</td>
<td>$6,342,900$\textsuperscript{196}</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**

These line items represent the funds spent on the processing of vanity plate orders.

**Recommended Action:**

The state should merely authorize a particular vanity license number, and allow the vehicle owner to purchase the plate from the lowest cost private provider, ending the state’s involvement in providing vanity plates.


\textsuperscript{195} 1995 Enrolled Senate Bill Number 298, page 12.

\textsuperscript{196} Ibid, page 11.
Department of State Police

Appropriations Summary  Actual\textsuperscript{197}  Recommended  Savings

\begin{tabular}{lccc}

Interdepartmental Grants: & $7,539,400 & $7,539,400 & 0 \\
Federal Funds: & $33,247,900 & $33,247,900 & 0 \\
State General Fund/General Purpose: & $240,501,900 & $239,501,900 & $1,000,000 \\
Special Revenue Funds: & $58,384,200 & $57,866,700 & $517,500 \\
\hline
Gross Appropriation: & $339,673,400 & $338,155,900 & $1,517,500 \\
\end{tabular}

The Michigan Department of State Police (MDSP) was created in 1935. Its purpose is to "provide 24-hour statewide quality police service for the safety and the protection of the people and their property in the state of Michigan. Its primary responsibilities are to reduce the opportunities for crime, to reduce traffic accidents through diligent and fair enforcement of the laws of this state, and to act as a first responder to any citizen's needs that can be addressed through the resources of the criminal justice system."\textsuperscript{198} The Department does a satisfactory job of fulfilling these stated goals. But like all large governmental agencies, the MDSP operates a number of programs that are unnecessary. They are reviewed below.

MDSP Programs to be Eliminated

\begin{tabular}{lcc}

Program & Gross Appropriation & Appropriation Breakdown \\
Occupant Protection Grants & $1,000,000\textsuperscript{199} & All from GF/GP \\
\hline

Program Description:  

Previously listed as a separate line item, this program is now included in the line item "Highway Traffic Safety." The Occupant Protection Grants are aimed at getting 70% of the public to use their seat belts, as well as a corresponding number of motorcycle operators to wear a helmet.

Recommended Action: 

There is no need to continue this program. The state already has laws in place that mandate motor vehicle operators to use seat belts and helmets when appropriate. It does not need to spend $1 million each year to encourage compliance, a task that can be handled by private associations and businesses if they deem it a priority.

Program & Gross Appropriation & Appropriation Breakdown \\
Nuclear Power Plant Emergency Planning & $517,500\textsuperscript{200} & All from Special Revenue Funds \\
\hline

Program Description:  

This grant provides funds for emergency planning services and emergency sirens to privately run nuclear power plants.

Recommended Action: 

As was stated in our discussion of a similar program located in the Commerce budget, other industries, such as chemical producers, provide their own emergency planning and response programs, and the nuclear power
industry should do likewise. Nuclear emergency planning is the responsibility of the providers and the communities where they are located, not the state. This program should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Marshal Programs</td>
<td>$5,934,900&lt;sup&gt;201&lt;/sup&gt;</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**

This line item represents the operating budget of the office of the State Fire Marshal. That office is responsible for the inspection of various governmental buildings; it also assists local fire departments in responding to hazards and fires.

**Recommended Action:**

Various state policy institutes have recommended the abolition of this position from their states' budget, as they have determined them to be duplicative of the functions provided by local fire departments.<sup>202</sup> Such is also the case with Michigan--this office should be eliminated. It should be noted that the following programs will not be affected by eliminating this program: "Fire Investigation Training to Locals"; "Fire Alarm and Suppression System"; "Federal Fire Safety Inspections"; "Hazardous Materials Inspection"; "Fire Fighters Training Council"; and "Fire Safety Board."

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<sup>199</sup> 1995 Enrolled Senate Bill Number 302, pages 2-3.

<sup>200</sup> 1995 Enrolled Senate Bill Number 302, pages 4-5.

<sup>201</sup> Ibid, page 4.

Department of Transportation

<table>
<thead>
<tr>
<th>Appropriations Summary</th>
<th>Actual(^{203})</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Federal Funds:</td>
<td>$411,292,800</td>
<td>$409,292,800</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>State General Fund/General Purpose:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td>$1,461,284,300</td>
<td>$1,222,004,200</td>
<td>$239,280,100</td>
</tr>
<tr>
<td>Gross Appropriation:</td>
<td>$1,872,577,100</td>
<td>$1,631,297,000</td>
<td>$241,280,100</td>
</tr>
</tbody>
</table>

The primary functions of the Michigan Department of Transportation are the construction, improvement, and maintenance of the state highway system—the 9,700 miles of interstate, U.S. and M-numbered highways. Additional responsibilities include the development and implementation of comprehensive transportation plans for the state, including aeronautics and train and bus transit; the provision of professional and technical assistance; and the administration of state and federal funds allocated for these programs.

The state can reap immediate savings by implementing the following changes, which involve eliminating or reducing unproductive subsidies, and reforming the organizational structure of securing highway infrastructure construction and repair.

MDT Programs to be Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine Passenger Services</td>
<td>$1,000,000(^{204})</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:
This program subsidizes the island boat services provided to the residents of Drummond Island, Nebbish Island, and Sugar Island.

Recommended Action:
The cost of boat rides should be borne by the residents themselves; if one chooses to live in a remote area where transportation is difficult, one should be responsible for paying the associated costs, and not demand subsidies from other Michigan citizens. This $1 million program should be eliminated immediately.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Transportation Maps</td>
<td>$88,800(^{205})</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:
Included in the Bureau of Transportation Planning budget is funding for this program, which distributes 6,000 maps a year to all members of the State Senate and the State House free of charge; the maps are then altered (usually the legislator's name, office location, and photo are placed on the map) and given to constituents.
Recommended Action:
The state should immediately end this program, as it unduly subsidizes the reelection campaigns of state legislators—who, via their incumbency, already possess a large advantage over all possible challengers. Michigan maps are already provided by several private companies.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Targeted Economic Development Fund; Targeted Industries</td>
<td>$14,666,100</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:
This program subsidizes the construction of access roads for major Michigan industries. For example, both Domino's Pizza and General Motors have been beneficiaries of grants.

Recommended Action:
The construction of access roads that primarily serve a particular company should be funded by the companies themselves, not by government. The state should eliminate this program.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight Property Management</td>
<td>$2,600,000</td>
<td>$250,000 from Federal Funds; $2,350,000 from Special Revenue Funds</td>
</tr>
</tbody>
</table>

Program Description:
This program funds the maintenance of the 706.64 miles of operational railroad track that the state owns.

Recommended Action:
As Dr. John C. Taylor of the Wayne State University School of Business has written, "There is no valid reason for the state to continue to be involved in railroad track ownership. As a general rule MDOT supports getting out of this business, but more needs to be done to implement that position. This track should be sold to the highest bidder in an open process that assures the state the best available price. Sales revenue will not be substantial, but the state should save several million dollars a year in maintenance costs."

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail Passenger Service</td>
<td>$1,750,000</td>
<td>All from Federal Funds</td>
</tr>
</tbody>
</table>

Program Description:
This program subsidizes two Amtrak routes: the Port Huron to Chicago via Lansing and Grand Rapids route, and the Marquette to Chicago via Grand Rapids route.

Program Recommendation
Eliminating Amtrak subsidies has been suggested recently by a number of United States congressmen and many national public policy research institutes. Unfortunately, the federal government has not done so; many subsidies, such as these, still persist. Amtrak should become independent of government assistance and be required to freely compete with other providers in the transportation market. This subsidy should be eliminated.
<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detroit/Wayne County Port Authority</td>
<td>$301,900$^{211}</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
This program subsidizes the Detroit/Wayne County Port Authority Advertising Program.

**Recommended Action:**
The City of Detroit and Wayne County should be responsible for its port authority's advertising program, if such a program is to be conducted at all. This subsidy should be eliminated.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercity Bus Equipment; Intercity Bus Development</td>
<td>$2,000,000$^{212}</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
These programs subsidize the repairs and purchases of Greyhound and White Plains buses that service routes between selected Michigan cities.

**Recommended Action:**
A Department of Transportation official has been quoted as saying that if the state did not grant such subsidies to Greyhound and White Plains, "there would be no service" to these selected cities. Even if true, this fact fails to justify the program. The market economy is an invaluable system for many reasons, not the least of which is the efficiency with which it disperses information--including information regarding where entrepreneurial opportunities lie and where they do not.$^{213}$ The market has sent a clear signal to the commercial bus industry that service to some selected Michigan cities is simply not a wise move; and as a result, it has acted on such information and decided not to supply such services. This is not an inefficient or undesirable outcome as some suggest; on the contrary, it is precisely what we would like to see in a market system: rational decision making. The state should end these subsidies and allow the market to operate correctly.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Bus Operations</td>
<td>$107,000,400$^{214}</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
This program subsidizes local bus systems throughout the state--up to 40 percent of total operating costs for each system.

**Recommended Action:**
Funding for local bus systems should be provided by local riders, not state government. Local control and funding provides greater accountability and requires that local systems prove their worth relative to other transportation alternatives.
MDT Programs to be Downsized

Program | Gross Appropriation | Appropriation Breakdown
--- | --- | ---
Road and Bridge Programs | $1,118,733,000 | All from Special Revenue Funds

**Program Description:**
This division is responsible for the construction and maintenance of Michigan's 117,659 mile highway system.

**Recommended Action:**
The state should immediately implement fundamental structural changes to this division. Indeed, as Dr. John C. Taylor of the Wayne State University School of Business has suggested in a Mackinac Center for Public Policy report:

[T]he Governor should form a Michigan Commission on Highway Infrastructure Reform to study and report on ways to reinvent the roadbuilding and maintenance system. Just as with welfare reform, we need to re-examine the entire system, and consider fundamental changes. Possible changes that a commission should consider include reforms in the organization and the operations of state, county and city road operations, and the interface between these entities. The role of county road commissions as independent entities should be specifically considered.

[T]he proposed commission should also investigate the way other states operate at the local level, the productivity of existing operations relative to other states, the potential for savings, and possible state incentives to eliminate duplication and improve productivity and efficiency. The commission should also examine opportunities to eliminate duplication between state and county operations and potential savings from consolidations or increased contracting relationships, and the potential to increase the privatization of state, county and city highway operations.

Aggressive reforms in the organizational structure and methods of securing highway infrastructure and repair could generate substantial savings ... a reinvention of how government and the private sector function in the roadbuilding and maintenance business can save at a bare minimum 10% of the current maintenance costs.217

Thus, if Taylor's estimates are correct and the state implemented such changes, a savings of $111,873,300 could be realized within the next fiscal year, as spending could be reduced from $1,118,733,000 to $1,006,859,700.

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204 1995 Enrolled Senate Bill Number 304, page 4.


206 Ibid, pages 4-5.

207 Ibid, pages 4-5.


209 1995 Enrolled Senate Bill Number 304, pages 4-5.

211 1995 Enrolled Senate Bill 304, pages 4-5.

212 Ibid, pages 4-5.


215 1995 Enrolled Senate Bill Number 304, pages 3-4

216 This figure includes all roads in Michigan controlled by either the state, by counties, or by cities and villages.

Department of Treasury

Appropriations Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual 218</th>
<th>Recommended</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interdepartmental Grants:</td>
<td>$14,601,300</td>
<td>$14,601,300</td>
<td>0</td>
</tr>
<tr>
<td>Federal Funds:</td>
<td>$40,144,000</td>
<td>$40,144,000</td>
<td>0</td>
</tr>
<tr>
<td>State General Fund/General Purpose:</td>
<td>$103,614,400</td>
<td>$103,564,400</td>
<td>$50,000</td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td>$1,418,555,700</td>
<td>$1,386,555,700</td>
<td>$32,000,000</td>
</tr>
<tr>
<td><strong>Gross Appropriation:</strong></td>
<td><strong>$1,576,915,400</strong></td>
<td><strong>$1,544,865,400</strong></td>
<td><strong>$32,050,000</strong></td>
</tr>
</tbody>
</table>

The mission of the Michigan Department of Treasury (MDT) is:

- to collect taxes; to invest, control, and disburse state monies; to protect the credit of the state and its municipalities; to prescribe and audit the accounting systems for county and municipal governments; to develop and maintain a uniform method of appraising real and personal property upon which taxes are assessed; and to revert unclaimed personal property to the state.219

These functions are necessary for the operation of state government departments and programs. What are not necessary, however, are some of the grant programs that the Department of Treasury administers. Recommendations on how and where to reduce these programs are listed below.

**MDT Programs to be Eliminated**

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convention Facility Development Distribution</td>
<td>$32,000,000220</td>
<td>All from Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Program Description:**
The Convention Facility Development Distribution program awards grants to local areas (primarily counties and the city of Detroit) for the construction and development of convention centers. In the past year, about half of the money awarded from these grants went to the city of Detroit for the renovation and expansion of Cobo Hall. This program is funded by a statewide tax on alcohol and a tax on motels in the Detroit metro area.

**Recommended Action:**
The construction and renovation of convention centers is the responsibility of the private sector, not state government. This program should be eliminated immediately.

<table>
<thead>
<tr>
<th>Program</th>
<th>Gross Appropriation</th>
<th>Appropriation Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan Education Trust Fund Challenge Grants</td>
<td>$50,000221</td>
<td>All from GF/GP</td>
</tr>
</tbody>
</table>

**Program Description:**
These grants are awarded to low-income children so that they may enter the Michigan Education Trust program (MET).

**Recommended Action:**
Scholarships should be the responsibility of private foundations and other organizations, not the state. This program should be eliminated.


221 Ibid, page 16.
Appendix I: Refusing Federal Funds

Many of the proposals listed in this paper recommend eliminating or reducing programs that are either partially or entirely federally funded. Undoubtedly the wisdom of such proposals will be questioned. Many people will say "Why turn down our share of federal funds? This is essentially free money. We should take it while we have a chance." And on first glance this appears to be a rational reaction. Yet, when one examines the issue more carefully, one sees that refusing federal funds is not only rational, it is imperative.

Federal Funds as a Share of the Total Michigan Budget

Over the past thirty years--since the beginning of Lyndon Johnson's Great Society--federal funding as a percentage of Michigan's total budget has increased dramatically--as demonstrated by Table 1. Indeed, for fiscal year 1995-1996 federal funds will account for over 25% of the total budget. If the state of Michigan is going to replace failed political society programs with civil society institutions--as advocated in the introduction--then it cannot neglect over one quarter of the total state budget. Those who believe that state government can, and should, be significantly downsized must realize that the only way to do this is to cut programs that are both funded from the general fund and from federal revenues.

If federal funds as a percentage of the total Michigan budget continue to grow during the next thirty years as they did during the last thirty, then nearly 40% of the state budget will be funded federally by the year 2025. Are we at that time to say that we cannot cut a program simply because its funding comes from Washington instead of from Lansing? The answer is clearly "no." Michigan needs to set an example for all the states. It needs to begin the long process of reclaiming power from Washington. And the only way to do that is to realize that federally funded programs must be held to the same scrutiny that non-federally funded programs are. If they are not, real reform cannot take place in Michigan, or any other state.

From Where Do These Federal Funds Come?

One of the most destructive myths regarding federally funded state programs is that these programs are "free" to the citizens of Michigan; that they are essentially gifts. This myth ignores common sense. Michigan citizens are also United States citizens and hence subject to the same federal laws and regulations to which all United States citizens are subject--including federal tax laws. In addition to state taxes, Michigan citizens also pay federal income taxes, federal capital gains taxes, as well as numerous other federal taxes, seen and unseen. It is these taxes that pay for Michigan's supposedly "free" federally funded programs. And unfortunately the size of these taxes have increased over the last several years.

Consider that in 1900 per capita federal taxes, in 1990 dollars, were less than $100; by 1960 that number had risen to approximately $2,500; and by 1990 that figure had skyrocketed to over $4,000. Similarly, federal taxes as a share of median family income rose from just 5% in 1950, to 24% in 1990. What this growth in taxation has meant is that government is slowly but surely beginning to crowd out private investment and, hence, lowering America's productivity. For example, consider that in 1900, federal outlays amounted to less than 5% of total gross domestic product, but by 1993 that number had climbed to over 25%. Increased federal taxation has very real effects--effects that are felt by all citizens, not just the wealthy.

The only way to lower the federal tax burdens of Michigan citizens and, in the process, help achieve sustained economic growth is to eliminate or reduce the size of the programs that these taxes fund. That means that all federal programs must be considered--including ones that purportedly benefit Michigan.

Should We Retain Harmful Programs Just Because They are Federally Funded?

As we have shown above, if Michigan is going to seriously address the problem of increased state spending and increased federal taxes it must reject the idea that federally funded programs should be exempt from budget cuts. But an even more fundamental issue must be addressed. That is, should bad programs that are federally funded be retained just because of the source of their funding? Many would have us believe that this question is a non sequitur because to states, no federal money can ever be seen in a negative light; states should get their slice of the federal pie.
in whatever way they can. Fortunately, several states have moved beyond this logic and begun to realize that federally funded programs, like all other programs, are fallible and should be judged accordingly. Michigan should do the same.

Within the past year, four states—Alabama, New Hampshire, Montana, and Virginia—rejected federal grants from the Department of Education. The grants were intended to be used for the implementation of President Clinton's Goals 2000 program. Fearing that the program would unduly restrict the ways in which they could operate and manage their educational systems, these four states simply refused to accept the funding and the strings that went along. Michelle Easton, a member of the Virginia Board of Education, recently told a congressional committee why her state decided to take the course of action that it did:

In exchange for the first year's Goals 2000 planning money, about a penny per day per student in Virginia, why would we agree to submit our new standards to the federal government and then to get federal permission before we made changes to these standards? Why would Virginia want to participate in a program where the first draft of the federal history standards were so bad that the United States Senate voted 99-1 to oppose them? Why would Virginia want to participate in a federal education program that required the state to spend time and energy developing new nonacademic standards called "Opportunity to Learn" (OTL) standards? Some lawyers call the OTL standards "Opportunity to Litigate," since they provide the basis for more equity-financing lawsuits against the state.225

Michigan, like the four states who refused funding for the Goals 2000 program, must realize that many of the federally funded programs for which they are eligible are not always gifts ready to be taken. Many, in fact, are nearly the opposite: ill-conceived projects waiting to be unleashed upon the states. Michigan should identify these programs for what they are and eliminate them. As Paul Neal of the Center for the Study of Federalism has said, "States have different political cultures. There is no one policy from Washington that will meet all of those different preferences."226

Summary

If Michigan is going to achieve significant budget reform, it cannot exempt federally funded programs from the reform process. These programs should be held to the same scrutiny to which all others are held. Contrary to popular wisdom, these programs are burdens, not boons, to the Michigan taxpayer, and many of them have counterproductive effects. If it is determined that a program is unnecessary or counterproductive, it should be eliminated—regardless of whether it is funded by Washington or Lansing.

Table 1

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Revenue</th>
<th>Federal Revenue</th>
<th>Federal Revenue as a Percent of Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-1966</td>
<td>$1,871,559,000</td>
<td>$296,358,000</td>
<td>15.8%</td>
</tr>
<tr>
<td>1966-1967</td>
<td>$2,033,833,000</td>
<td>$379,026,000</td>
<td>18.6%</td>
</tr>
<tr>
<td>1967-1968</td>
<td>DATA NOT AVAILABLE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1968-1969</td>
<td>$2,874,624,000</td>
<td>$474,215,000</td>
<td>16.4%</td>
</tr>
<tr>
<td>1969-1970</td>
<td>$3,080,393,000</td>
<td>$566,723,000</td>
<td>18.3%</td>
</tr>
<tr>
<td>1970-1971</td>
<td>$3,444,173,000</td>
<td>$703,127,000</td>
<td>20.4%</td>
</tr>
<tr>
<td>1971-1972</td>
<td>$4,158,425,000</td>
<td>$898,170,000</td>
<td>21.5%</td>
</tr>
<tr>
<td>1972-1973</td>
<td>$5,021,810,000</td>
<td>$1,202,562,000</td>
<td>23.9%</td>
</tr>
<tr>
<td>1973-1974</td>
<td>$5,373,135,000</td>
<td>$1,264,706,000</td>
<td>23.5%</td>
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<tr>
<td>1974-1975</td>
<td>$5,585,038,000</td>
<td>$1,445,000,000</td>
<td>25.8%</td>
</tr>
<tr>
<td>1975-1976*</td>
<td>$7,888,417,000</td>
<td>$2,144,561,000</td>
<td>27.1%</td>
</tr>
<tr>
<td>1976-1977</td>
<td>$7,174,696,000</td>
<td>$1,840,934,000</td>
<td>25.6%</td>
</tr>
<tr>
<td>1977-1978</td>
<td>$8,155,678,000</td>
<td>$2,066,814,000</td>
<td>25.3%</td>
</tr>
<tr>
<td>1978-1979</td>
<td>$8,541,985,000</td>
<td>$2,129,729,000</td>
<td>24.9%</td>
</tr>
<tr>
<td>1979-1980</td>
<td>$9,135,978,000</td>
<td>$2,452,370,000</td>
<td>26.8%</td>
</tr>
<tr>
<td>Fiscal Year</td>
<td>Total Revenue</td>
<td>Total Appropriations</td>
<td>Appropriations %</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------</td>
<td>----------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>1980-1981</td>
<td>$9,344,403,000</td>
<td>$2,602,459,000</td>
<td>27.8%</td>
</tr>
<tr>
<td>1981-1982</td>
<td>$9,504,160,000</td>
<td>$2,635,608,000</td>
<td>27.7%</td>
</tr>
<tr>
<td>1982-1983</td>
<td>$10,714,710,000</td>
<td>$2,770,046,000</td>
<td>25.8%</td>
</tr>
<tr>
<td>1983-1984</td>
<td>$12,078,144,000</td>
<td>$3,030,149,000</td>
<td>25.0%</td>
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<tr>
<td>1984-1985</td>
<td>$12,879,436,000</td>
<td>$3,190,771,000</td>
<td>24.7%</td>
</tr>
<tr>
<td>1985-1986</td>
<td>$13,624,035,000</td>
<td>$3,498,626,000</td>
<td>25.6%</td>
</tr>
<tr>
<td>1986-1987</td>
<td>$14,020,981,000</td>
<td>$3,613,403,000</td>
<td>25.7%</td>
</tr>
<tr>
<td>1987-1988</td>
<td>$14,881,444,000</td>
<td>$3,714,726,000</td>
<td>24.9%</td>
</tr>
<tr>
<td>1988-1989</td>
<td>$15,720,651,000</td>
<td>$3,861,767,000</td>
<td>24.5%</td>
</tr>
<tr>
<td>1989-1990</td>
<td>$16,523,963,000</td>
<td>$4,136,458,000</td>
<td>26.1%</td>
</tr>
<tr>
<td>1990-1991</td>
<td>$17,954,259,000</td>
<td>$4,733,982,000</td>
<td>26.3%</td>
</tr>
<tr>
<td>1991-1992</td>
<td>$19,575,671,000</td>
<td>$5,289,427,000</td>
<td>27.0%</td>
</tr>
<tr>
<td>1992-1993</td>
<td>$20,549,427,000</td>
<td>$5,831,575,000</td>
<td>28.3%</td>
</tr>
<tr>
<td>1993-1994</td>
<td>$23,605,160,000</td>
<td>$6,273,085,000</td>
<td>26.5%</td>
</tr>
<tr>
<td>1994-1995**</td>
<td>$27,122,038,985</td>
<td>$7,041,608,950</td>
<td>25.9%</td>
</tr>
<tr>
<td>1995-1996**</td>
<td>$28,080,901,387</td>
<td>$7,218,469,600</td>
<td>25.7%</td>
</tr>
</tbody>
</table>

Sources:

* FY 1975-1976 was a 15 month fiscal year, beginning July 1, 1975 and ending September 30, 1976.

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223 Ibid, page 77.

224 Ibid, page 44.


Appendix II: Contacts

Department of Agriculture
Ottawa Building
P.O. Box 30017
Lansing, MI 48909
(517) 373-1104

Department of Civil Rights
303 West Kalamazoo
Lansing, MI 48913
(517) 335-3165

Department of Civil Service
Capitol Commons
P.O. Box 30002
Lansing, MI 48909
(517) 373-3020

Department of Commerce
Law Building
P.O. Box 30004
Lansing, MI 48909
(517) 373-7230

Department of Corrections
Grandview Plaza
P.O. Box 30003
Lansing, MI 48909
(517) 373-0720

Department of Education
John A. Hannah Building
P.O. Box 30008
Lansing, MI 48909
(517) 373-3324

Jobs Commission
Victor Office Center
201 N. Washington Square
Lansing, MI 48913
(517) 373-8500

Department of Labor
Victor Office Center
201 N. Washington Square
Lansing, MI 48913
(517) 373-9600

Department of Management and Budget
Lewis Cass Building
P.O. Box 30026
Lansing, MI 48909
(517) 373-1004

Department of Mental Health
300 South Walnut Street
Lansing, MI 48913
(517) 373-3500

Department of Military Affairs
Headquarters Building
2500 S. Washington Avenue
Lansing, MI 48913
(517) 483-5507

Department of Natural Resources
Stevens T. Mason Building
P.O. Box 30028
Lansing, MI 48909
(517) 373-2329

Department of Public Health
3423 N. Logan Blvd.
P.O. Box 30195
Lansing, MI 48909
(517) 335-8024

Department of Social Services
Grand Tower
P.O. Box 30037
Lansing, MI 48909
(517) 373-2000

Department of State
Treasury Building
P.O. Box 30045
Lansing, MI 48918
(517) 373-2510

Department of State Police
Department of Transportation
About the Authors

Aaron Steelman is a senior at the University of Michigan-Ann Arbor, where he studies economics and history.

Joseph P. Overton, J.D., is senior vice president of the Mackinac Center for Public Policy.