

II. Another Perspective on the Budget and Tax Situation in Michigan:

According to the Legislative Council of Michigan, a bipartisan, bicameral body of legislators established in Article IV, Section 15 of the Constitution of Michigan:

“Potential Overarching Conclusions

- The state’s problems are largely structural, driven primarily by
 - The changing nature of Michigan's population, including
 - Shrinking population
 - Aging population
 - Shifting population in terms of where they reside
 - Job loss
 - On the revenue side, tax policy and structure
- The size of the State’s government is no longer appropriately linked with the state’s current resources/tax base, which is shrinking and not in sync with Michigan’s current economy [note that we believe this too must be addressed although our charter/mandate was limited to efficiencies and the budget]
- The state’s solutions must deal directly with the structural problems
 - The size of the problem is such that the state's leadership needs to fundamentally rethink the size and structure of government across all levels and “who is doing what”
 - Left unchecked, the structural deficits will likely grow larger each year in the face of increasing job loss and shrinking tax base
 - Neither an economic recovery nor incremental improvements in efficiencies will be sufficient to address the issues
 - All units of government are facing issues, so cost shifting won’t necessarily be productive; need to think about taking costs out “throughout the system” and exploring and capitalizing on existing collaborative efforts to drive increased efficiencies
 - Local governments
 - K-12
 - Corrections
 - Significant increases in health care costs throughout all units of government [human resources, nurses, doctors, technology, pharmaceutical drugs as examples]
- A series of actions is needed -- from the short-term to the long-term – to create a “road map” to fiscal health; recommendations span
 - Short-term...what we can do in the next year
 - Intermediate-term...what we can do in 2 – 3 years
 - Long-term...what we can do in 3+ years
 - Focus on efficiencies instead of cuts; to the extent cuts are suggested, they are offered in the context of structural recommendations and not cuts for the sake of cuts.
- Cross-cutting and underlying principles are the foundation of our recommendations
 - Look to optimize across all levels and units of government
 - Address underlying structural issues
 - Be holistic in the approach (look at all aspects of the budget and government operations)
 - Create a roadmap to fiscal stability
 - Be of sufficient magnitude to make a difference”

http://council.legislature.mi.gov/files/lcge/potential_overarching_conclusions.pdf 7/14/09