



Representing Wayne State Faculty and Academic Staff

NEWSBRIEFS

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Budget Woes Worsen

State Cuts for Higher Ed Will Grow Without Political Action

By Steve Babson, Information Coordinator

Even after the legislature sends all of the remaining 2009-2010 budget bills to the Governor, the crisis in Lansing will not be over. By all accounts, it will only get worse—much worse if the current budget priorities in the state capital go unchanged.

The cuts recently passed by both legislative branches—the House, controlled by the Democrats, and the Senate, controlled by the Republicans—are bad enough. The House/Senate conference budget for higher education cuts \$140 million from funding for tuition grants and financial aid, eliminating the entire program for nursing scholarships and promise grants.

Governor Granholm opposes the cuts in the Promise Grant Program, but favors the 0.04 cut in university operating budgets, reducing Wayne State's appropriation by another \$900,000. Combined with previous cuts over the last ten years, WSU now receives less state support than it did in 1999 (without taking inflation into account).

It is anyone's guess when the Senate will send the remaining budget bills it has passed to the Governor for her signature or veto before the October 31 deadline. Republican leaders in the

Senate appear to be playing a game of chicken, waiting until the last minute so that the Governor cannot veto the measures without appearing to be the cause of another government shutdown.

The Near Term: Worse

This budget crisis has been brewing for many years, and it will take a concerted effort to change the budget priorities that have brought us to the brink of another shut-down in vital government services.

The state legislature has already cut aid to cities and towns, which will, in turn, deepen the fiscal woes of Detroit and many other cities. State spending on K-12 education will be cut by \$165 a student. State support of Medicaid

will be cut by 8%, another blow to the poor and unemployed—and another threat to the funding base of the Detroit Medical Center.

Without a significant change in public policy at every level of government, these cuts will get worse as Michigan's long-term economic health continues to slide. The catastrophic loss of jobs in auto and manufacturing has already driven unemployment to 15% in Michigan and a staggering 28% in Detroit.

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The Long Term Rx: Invest in the Future

For the time being, the Obama Administration's stimulus program has postponed some of the worst effects of this crisis, particularly for higher education. Stimulus funding needs to be extended on an emergency basis for Detroit and Michigan. We are New Orleans, without the water. If the federal stimulus money is not extended beyond next year, the budget crunch will become even more acute.

Governor Granholm and some Democrats favor raising selective taxes and fees by \$300 to \$400 million to cushion the blow and restore some cuts. Rather than a general tax increase, House Democrats have focused on closing tax exemptions and levying a 3% tax on doctors to fund targeted programs. Supporters argue that doctors will come out ahead since these new programs will draw more than \$822 million in federal matching funds for Medicaid.

Senate Republicans, however, generally oppose any new revenue to patch up the social safety net. They argue that the long-term solution to the state's economic crisis is to cut taxes and weaken unions. With these "incentives," new corporate investment and jobs will supposedly follow.

This trickle-down model has not worked well in the past, and for obvious reasons. What decent business would locate in a town that can't afford to provide fire protection, or to repair the streets, or to educate its children for something other than fast-food jobs? Business owners want lower taxes, but they also want a community that provides a decent living environment, a community that invests in the future, a community that keeps its *promises* to students. If we care about these things, we can find the revenue to help pay for them.

The Dillon Plan for Cutting Benefits

As a proposed cure for the state's long-term structural deficit, House Democratic Speaker Andy Dillon has called for a top-down overhaul of healthcare benefits for public employees. Dillon

claims this would save the state \$900 million by "pooling" the healthcare plans of nearly 400,000 state and local workers into a single mandatory state system. A bigger pool would spread the risks and administrative costs over more recipients, and the added bargaining power of such a consolidated plan would reduce the cost of insurance and services from suppliers.

Even supporters of the plan, however, acknowledge that these savings would amount to little more than a third of the \$900 million Dillon has promised. Most of the rest would have to come from the benefit cuts that the plan seems geared to implement. In fact, the Dillon plan calls for a 13 member board (only four representing unions, the rest political appointees) to implement a "standardization of benefits" that would eliminate collective bargaining and fold everyone into the mandatory top-down system.

This "cure" would come, therefore, at the expense of our negotiated healthcare benefits. We'd get less, pay more, and have no right to negotiate. Public employees have already consolidated many of their plans into larger pools, and in recent years they have taken pay and benefit cuts amounting to nearly \$1 billion by some estimates. (For more information, go to our website, aaupaft.org, and click on "Issue Spotlight.")

Schools First, Not Prisons

There is another way to address the structural deficit without poaching our negotiated healthcare benefits: cut the bloated prison budget.

Michigan's prison population has grown six-fold since 1973, from 8,000 to nearly 50,000 prisoners in recent years. At a cost of \$32,000 per prisoner, the Corrections Budget adds up to nearly \$2 billion in 2009, a \$363 million increase since 2002.

According to the Pew Charitable Trust, we are one of only four states in the nation that spends more on prisons than on higher education. On a per capita basis, we rank 38th when it comes to state support for our public universities, and tuition has

To Raise Our Voice for Wayne State...



...We Have to Raise Money for Political Action

Please Support our Political Action Committee (PAC)

We want to raise our voice in Lansing, to support candidates who will fight for education and for Wayne State. But it takes money to back the candidates who will back us in the legislature and on our own Board of Governors.

Dues money is never used for candidate support, so we need to ask you for the voluntary contributions that will make our voice heard. Money talks, and we want our PAC dollars to speak for:

Fixing Michigan's structural deficit by funding *Schools First, Not Prisons*

Defeating proposals to cut healthcare benefits for public employees

Funding education with new revenue to insure Michigan's future

Contributions are not deductible for federal tax purposes.

Yes, I can help:

___ Contribution: ___ \$10 ___ \$20 ___ \$40 ___ \$60 ___ \$80 \$100 ___ \$250 ___ Other: _____

___ Volunteer: _____
 ___ Talk to co-workers about the issues and urge their support
 ___ Join a delegation to lobby state legislators on behalf of Wayne
 ___ Join the AAUP-AFT PAC Committee

Name: _____ Date: _____

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Make checks payable to "AFT Michigan PAC" and mail to AAUP-AFT, Wayne State University, 5057 Woodward Ave., Suite 3301, Detroit, MI, 48202-4050

doubled in the last ten years to compensate. We now graduate fewer residents than the national average.

The Citizens Research Council of Michigan estimates that the state could save more than \$400 million by trimming its prison system to *the same level as surrounding states*. The current budget cuts a little more than \$100 million.

There is an understandable hesitancy to release felons back into society, and many

politicians will exaggerate these dangers to justify holding prisoners long past their minimum sentence. But we can reduce the risk by improving parole procedures and expanding re-entry programs, as other states have. With these net savings, the state could shift resources to K-12 and Higher Education.

Such a change in budget priorities can only happen if we join with others in political action. Please take a look at page 3 of this newsletter and help support our Political Action Committee.



Mall Calls: The AAUP-AFT's Deputy Executive Director, Jen Weaver (second from left) joined with activists and staff from the Graduate Employees Organizing Committee and the Union of Part Time Faculty to staff a table on Gullen Mall and urge students and WSU employees to call their legislators. Approximately 150 passers-by made on-the-spot calls urging legislators to vote against cuts to higher education. To call or email your legislator, go to our website's home page (www.aaupaft.org) and click on "Contact the state legislature today" in the lower left-hand corner.

Wayne State University Chapter

AAUP-AFT

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