



SEIU LOCAL 517M PUBLIC EMPLOYEE WORKSITE FLYER

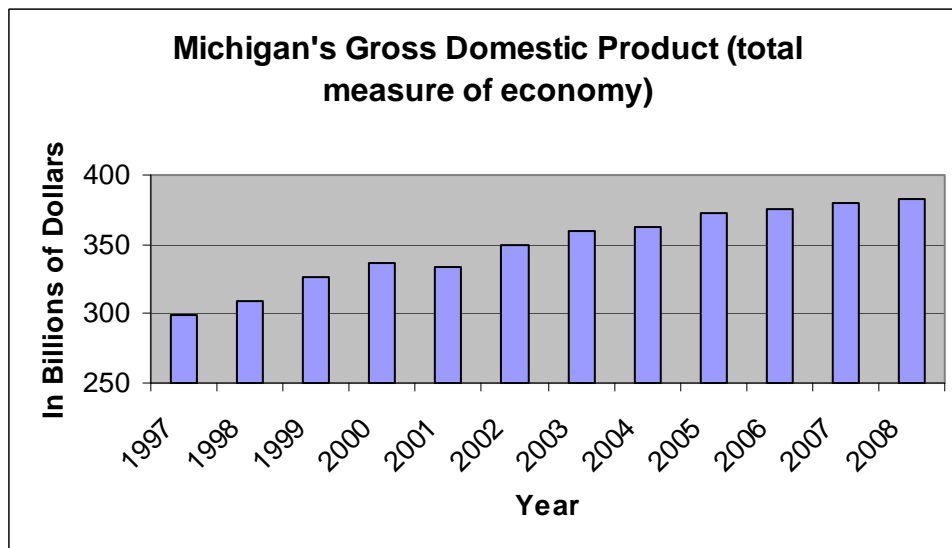
2010 -2

Has The Michigan Economy Grown or Shrunk Since the Year 1997?

ANSWER:

Michigan's Gross Domestic Product (GDP) increased from \$299 Billion in 1997 to \$382 Billion in 2009.

Note that GDP measures the total economy. Michigan's economy grew by \$83 Billion.



Source: US Department of Commerce, Bureau of Economic Analysis (You can look it up yourself at www.bea.gov/bea/regional/gsp)

These numbers are in \$ billions of current dollars.

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
299	309	326	337	334	350	359	363	372	375	380	382

If the economy grew, Then why do we have Budget Deficits?

Tax Cuts – The Engler administration and the Legislature passed major tax cuts without cutting costs, resulting in huge deficits that took effect after Gov. Granholm took office. To avoid a government shut down, the Legislature replaced about 50% of the taxes that were cut. The 50% replacement was labeled an “increase”, yet it was an overall tax decrease. Today, Michigan's tax rates are lower than they were under Engler. The Senate Fiscal agency reports that Engler taxed at 9.49% of Michigan's Gross Personal Income, whereas it is at 7.3% today (Total MI Tax rate is 23% lower!).

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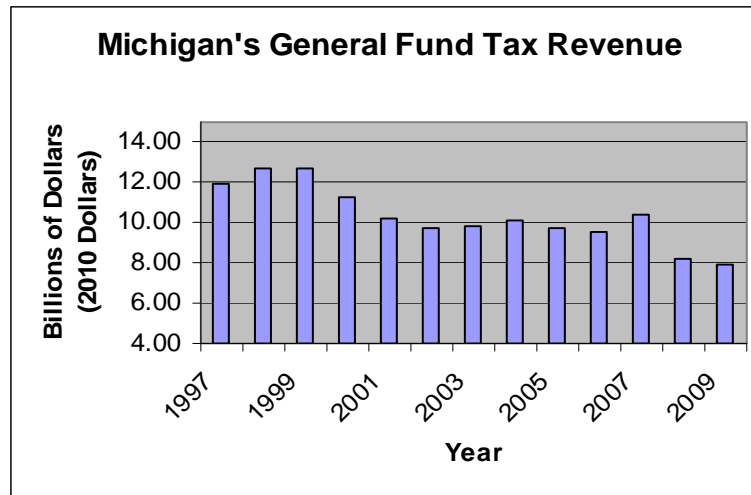
For more information on anything in this flyer, please contact SEIU Local 517M Political Coordinator Steve Reck at: sreck@seiu517m.org or 517.482.1737.

Manufacturing Losses – There has been a giant “sucking sound” as manufacturing jobs leave Michigan and the United States. The average salary in China is only \$2,500, and Mexico is competing with that wage.

Housing Crisis – De-regulation allowed banks to give extremely risky loans and sell the liability to third parties. These “junk” loans resulted in foreclosures across the country, decreasing the value of neighboring homes, hurting local and state economies, and resulting in less tax revenue.

Inflation – If you account for inflation, Michigan’s economy in 1997 dollars (\$299 Billion) is worth \$403 Billion in today’s dollars. Therefore, the GDP today of \$382 Billion shrunk by about 5% (from \$403 Billion to \$382 Billion). Inflation is normal, but it is rarely considered when discussing employee pay “increases”. Go to <http://data.bls.gov/cgi-bin/cpicalc.pl> to check your pay in 1990 compared to today.

If Michigan’s economy contracted by 5%, then you would expect tax revenue to fall by about 5% as well. The following chart shows that revenue has been cut by 33%!!!



www.senate.michigan.gov/sfa/StateBudget/GFGP_RevenueHistory.pdf

<http://data.bls.gov/cgi-bin/cpicalc.pl> - Consumer Price Index

(2010 Dollars – Adjusted for inflation using the CPI)

\$11.9 Billion, \$12.7B, \$12.7B, \$11.3B \$10.2B, \$9.72B, \$9.80B, \$10.1B, \$9.77B, \$9.54B, \$10.4B, \$8.20B, \$7.91B
 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

If the economy fell by 5%, then why the 33% cut in revenue? The economy is being used as an excuse to slash taxes & attack public employee wages and benefits. Unfortunately, the tax burden still appears to fall heavily on small businesses and individuals, while “big players” received the most tax cuts.

Note: Goldman-Sachs total bonuses in 2010 were \$16.2 Billion, nearly equal Michigan’s General Fund and School Aid Fund added together, half a million dollars for each of their employees. <http://www.csmonitor.com/Money/2010/0121/Top-10-ways-to-spend-a-Goldman-Sachs-bonus>

2010 is an important election year. Will our next Governor and Legislature fix the tax loop holes? Or will the next Governor and Legislature pass more tax cuts, driving Michigan further into budget problems? More tax cuts will mean cuts to scientists, engineers, police, firefighters, education, Medicaid, prisons, businesses they support, infrastructure, local government services, etc.