



How the Budget Can Create Economic Opportunity

EXECUTIVE SUMMARY

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Everyone in Michigan deserves a chance to achieve their full potential and contribute back to the economy. Where a person starts out in life should not determine where they end up. The state budget has the ability to level the playing field and create equitable access to opportunity for all Michigan residents. Equity means providing opportunity that meets people where they are, versus equality, which implies everyone receives the same opportunities the same way. Recent budget cuts, however, have done the opposite and have increased inequities among communities of color.

Targeted policy changes to advance equity in the state are imperative to a successful economy. The nation’s demographics are changing, and by 2042, half of the population will be people of color.¹ In Michigan, almost a quarter of the state’s population are people of color.² The rate is higher for children, with children of color making up over 31 percent of all children in Michigan.³ Over the last 10 years, the population of children of Asian descent grew by more than 29 percent and Hispanic and Latino children close to 40 percent.⁴ The population of white children declined by

more than 14 percent.⁵ People across the state experience hardship similarly and differently. By understanding these commonalities and differences, the state could better craft policies aimed at group-specific solutions.

Equity in Health

The decisions made by policymakers impact the health of Michigan’s population, and the health of people of color is increasingly defining the state’s health status because of their growing numbers. Communities of color from all economic backgrounds have higher rates of infant mortality, with the rate for African American infants almost triple that of white infants, 15.5 deaths per 1,000 live births compared with 5.4 deaths.⁶ A healthier community translates into a healthier economy. Michigan has experienced dramatic increases in health care expenses with reduced revenues to cover the costs. By reducing health disparities the state can begin

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¹ United for a Fair Economy, 2012. *State of the Dream Report: The Emerging Majority*.
² U.S. Census, 2010.
³ Id.
⁴ U.S. Census. 2000, 2010
⁵ U.S. Census. 2000, 2010
⁶ The Education Trust, 2009. *Education Watch State Report: Michigan*.

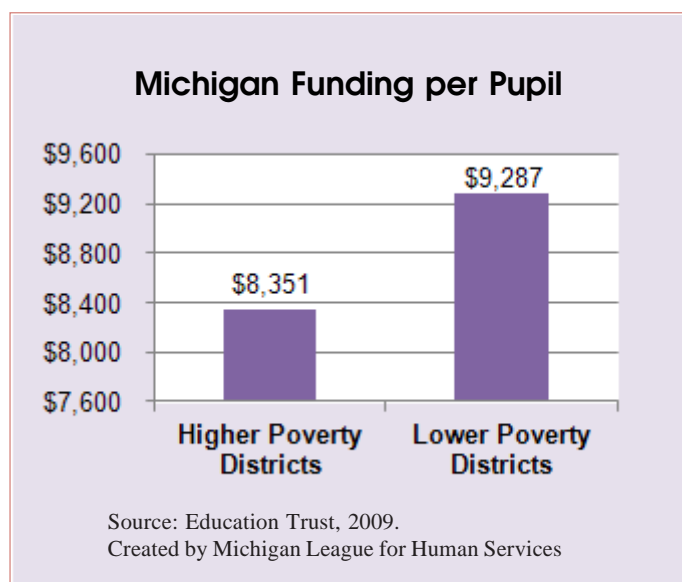
to move towards a healthier and ultimately stronger economy.

Unfortunately, the Healthy Michigan Fund, providing several preventive programs and supporting local health departments, experienced cuts in the Department of Community Health FY 12 budget. These cutbacks will affect maternal and infant health and, in turn, infant mortality.

Equity in Economic Security

Having equitable access to public structures that ensure economic security and mobility gives Michigan residents stability during tough economic times. Recent findings revealed that two-thirds of Michigan's African American children live in areas of concentrated poverty compared with less than half in the nation. During tough economic times, when unemployment is high and wages are low, providing economic security becomes increasingly important. By reducing racial disparities in income, everyone benefits from additional consumer spending in the economy, creating the demand for more jobs.

Despite this, the Department of Human Services FY 12 budget contained several cuts to resources that alleviate and reduce poverty for the state's residents.



In November, 11,000 families lost their cash assistance grants and more families stand to lose their benefits as several exemptions to the 48-month time limit have been removed. The state Earned Income Tax Credit, an annual refundable credit, was also reduced by 70 percent, an average \$294 per family loss for working families. Almost 800,000 families receive this credit every year.

Equity in Employment Opportunities

Michigan currently ranks 2nd highest in African American unemployment among the 50 states.⁷ Michigan's overall unemployment rate stands at 9 percent.⁸

By investing in economic security and mobility for all communities through equitable access to employment and support services, the state could decrease the need for public assistance in other areas, including cash assistance and health care, and strengthen the workforce. Employment and training support services assist individuals and families by helping them find employment and maintain economic security, especially during a tough economic climate. Yet, funding for JET Plus, a program intended to provide specialized training programs and subsidized employment opportunities, was eliminated and employment and training for participants receiving cash assistance was reduced by \$4.8 million in the Department of Human Services FY 12 budget.

Policy Recommendations

Recent policy decisions have reduced economic security for communities across the state. Targeted policy decisions could increase prosperity by:

- Implementing a racial equity impact assessment
- Restoring the state Earned Income Tax Credit
- Supporting the implementation of the Affordable Care Act
- Increasing funding for work support and employment training programs
- Expanding programs that support children from birth

⁷ Economic Policy Institute, 2012. *No Relief in 2012 From High Unemployment for African Americans and Latinos.*

⁸ Bureau of Labor Statistics, January 2012.