

MICHIGAN AFSCME COUNCIL 25
EXECUTIVE BOARD
LEGISLATIVE REPORT
June, 2013

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PRIVATIZATION

The Michigan Legislature continues its assault on public sector unions with a particular effort to privatize and outsource public sector jobs. Here are some recent developments surrounding the state budget.

Department of Human Services

AFSCME led a coalition of labor unions, probate judges, mental health organizations, and law enforcement in a successful effort to head off an attempt by House Republicans to close the three remaining State Juvenile Justice Facilities and leave no back-up to private contractors. The number of public juvenile justice facilities and juvenile justice beds available in the state has dwindled over the last decade. Private programs have first pick and the State handles only the most difficult cases.

Grand Rapids Home for Veterans

A vote on privatization of the Grand Rapids residential care aides appeal resulted in a major loss. The 2-2 decision of the Board upheld the decision of its staff to allow privatization of the facility's RCAs. Worse the 2 votes insisted that quality is not a factor that the staff is to even consider in the CS-138 process under Standard D. A showing of cost savings is all that is required regardless of the quality of the services purchased! Quality, they argued, over the strong dissent of two members of the Commission, is the responsibility of the Administration and the Legislature.

Corrections

Under pressure from far right wing members of the Michigan Legislature, the Department of Corrections reversed its position on privatizing food service in Michigan prisons. The Department had initially concluded that the low bid of Aramark would not save sufficient dollars to warrant the layoff of over 300 state employees once additional security costs were included. However, after a reevaluation that assumed low wage workers could provide their own security in prisons that contain the most violent offenders in the state, the Department concluded that the proposed Aramark contract was a cost savings and approved the bid. The matter is currently before the State Civil Service Staff where a staff evaluation where AFSCME is contesting the finding of a secret Joint Corrections/Technology, Management and Budget Committee that the contract is legal under Standard D. I have attached a copy of our argument to this report.

Cleaning Up Standard D and the Civil Service Rules

The State Employees Coalition's finalized language on changes to Michigan Civil Service rules designed to give us back the right to fight costly outsourcing of our jobs has continued to languish. We believe we have 2 of the necessary 3 votes necessary to make a change similar to our proposal but the Chair of the Commission continues to avoid making a commitment. Obviously we do not want to take a vote and lose. We are trying to urge the Commission Chair to join us but have to walk a tight line to avoid giving the Governor a second appointment to the Commission.

This rule change is more important than ever. The "Teapublicans" in the House and Senate continue to push hard for privatization and have included language in the budget to require more and more RFPs including a specific requirement in the area of MSI clothing operation.

FY 2013-4 BUDGET ENACTED

The 2013-14 Conference Report on the Educational Budgets has passed both houses of the legislature and is on its way to the Governor (it covers K-12, Universities and Community Colleges) the end of May. The Omnibus budget bill's conference report cleared its last legislative hurdle when it was approved by the Senate last Tuesday. Watch the website for an analysis on the impact of the new budget on public sector workers.

RUTLEDGE ELECTED HOUSE DEMOCRATIC FLOOR LEADER

Democratic Floor Leader Rudy Hobbs has decided to resign as House Democratic Floor Leader to concentrate on his race for the congressional seat being vacated by Congressman Gary Peters. Peters is running for the United State Senate seat being vacated by Senator Carl Levin. The House Democratic Caucus has chosen Representative David Rutledge to serve as Floor Leader for the remainder of the term. Rep. Rutledge has been a close friend of Michigan AFSCME throughout his career and we expect to work closely with him.

SCHOOL DISTRICTS AT RISK

With a record number of school districts in default, one district closing for two weeks before the end of the school year and another eliminating its high school program all together, a bi-partisan group of legislators is working on a package of bills designed to allow financially “non-viable” districts to be dissolved and absorbed into surrounding districts. The new House Floor Leader, Rep. David Rutledge, will lead the Democratic side of the negotiations.

The financial collapse of school districts around the state is a result of the massive state cuts to K-12 education and the housing collapse of 2009 that resulted in a major loss of the other revenue source of schools – property taxes – as home values plummeted. While the housing market has begun to recover, the impact on property taxes will take years to return as a result of State Constitutional restrictions.

ADDITIONAL LEGISLATIVE PROBLEMS

Educational Achievement Authority

The Administration continues to fight to codify the Educational Achievement Authority giving the State a state run school district with the power to take control of low performing schools under emergency manager like powers vested in a State Chancellor. The Board of the Authority and the Administration of the Authority would reside in the Governor. Employees in the buildings involved would lose their rights under their collective bargaining agreements. While this bill would limit these provisions to the bottom five percent of schools in student performance, companion legislation would likely give these powers to the State over virtually all schools. The bill is a priority of the Snyder Administration but labor opposition has been joined by school management interests and there is significant Republican opposition (and near universal Democratic opposition) in both houses. Differences between the House and the Senate approach have stalled action until at least the fall.

Obamacare implementation: Creating a state exchange

Any hope of a health care exchange run by the State ended when the House Health Policy Committee failed to move a senate bill in lame duck. Now the Legislature is holding up expansion of Medicaid as well. Currently Michigan only covers adults without children whose income is less than 32% of federal poverty in Medicaid. The Affordable Care Act provides coverage up to 133% of poverty. The federal government will pick up the entire cost for the expanded coverage for 3 years and cap state costs at 10% after that. And since Medicaid coverage will go to many people who the State is paying for with other State dollars, it is estimated that Michigan could save around \$300 million dollars of state money in addition to bringing a substantial number of federal dollars that would end up in our economy. We will see Obamacare implemented through a federal health care exchange. And that exchange will provide subsidies to workers who earn more than 100% of federal poverty. If an employer does not provide coverage and the person receives a subsidy the employer will be penalized. So by turning down the federal money, Michigan will spend more, employers will spend more and fewer people will have health care coverage. People between 32% and 100% of federal poverty would be left out in the cold as they would not be covered by Medicare and would not be eligible for federal

subsidies in the new Exchange. Seems like a no brainer to everyone but the members of the Michigan Legislature where hard core anti health care forces continue to hold up action.

A right wing response has been offered up which would only allow expansion of health care if the federal government approved a waiver that would allow the State to limit Medicaid to a total of 48 months and would impose higher costs on low income individuals equivalent to 5% of their income. Further, the legislation would only allow the expansion in years in which the federal government picked up 100% of the cost for the expanded population effectively limiting the program to 3 years.

Transportation

Efforts to raise the money necessary to repair and maintain Michigan's crumbling road and transit infrastructure are on hold as a number of Republican legislators continue their inflexible "no new taxes" position. Democratic votes will be necessary for passage but the Administration refuses to meet the two requirements they have put forward – (1) a more progressive approach to raising the funds recognizing the huge task cuts businesses received last term, the fact that they use the roads too and the requirement that they pay their fair share; and (2) a firm pledge to retain Michigan's prevailing wage statute to make sure the cost of road construction and maintenance are not unfairly placed on workers.

ATTACHMENTS

See attached.



Michigan AFSCME Council 25

Albert Garrett, President

Lawrence A. Roehrig, Secretary-Treasurer

CS 138 - 472S3200018

Critique of Standard D as applied to Michigan's Prisons

Ed McNeil, Civil Service Director, MI Council 25 AFSCME

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June 3, 2013

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CS 138 - 472S3200018 Fails to meet the basic requirements of Standard D

AFSCME urges the Michigan Civil Service staff to find that Aramark's proposed contract to provide food service to Michigan prisons fails to meet the requirements of Rule 7.3 Standard D of the Michigan Civil Service rules. Our strongest objections to the proposed contract are based on the same argument raised to give Aramark a chance to clarify their initial bid. It is unfair for the State to accept a contractor price that deviates so substantively from current MDOC standards. We need to compare "apples to apples." And just as the three meals per day per prisoner requirement may have caused Aramark to over-price their initial bid, we have identified critical differences between MDOC operations and the proposal by Aramark that enabled Aramark to purport to under-bid the State operations. The issues are in three categories:

1. Procurement. MDOC policy is to buy a large share of food and cleaning supplies from Michigan-based vendors, and especially Michigan State Industries (MSI).¹ MDOC food expenses, as per the Standard D worksheet, is \$36,750,200. Due to the procurement practices of MDOC, **most of these dollars are channeled back into the Michigan economy and into Michigan-based businesses.**

¹ MSI is part of DOC, and employs prisoners to provide goods and services for Michigan prisons and non-profits.

According to 10-K filings, Aramark has a vendor agreement with SYSCO Foods, a company based outside of Michigan. Given that the RFP does not require Aramark to buy from MSI, nor to favor Michigan vendors, it should be expected that Michigan businesses would lose most of the economic benefits from MDOC purchasing. A fair cost comparison would factor in this loss to the Michigan economy.

In addition, the MDOC has contracts with Michigan farms to supply produce to the prisons. This policy is environmentally responsible, supportive of local farmers, and improves the freshness and nutrition of food. Aramark is not required to follow this policy.

In the Spring of 2012, the MDOC had a tentative prime vendor agreement with Gordon Food Service (from Grand Rapids) to supply the prisons. Internal estimates were that **the prime vendor contract could save MDOC 30 percent (30%) on food expenses**. In other words, **this one item alone has the potential to reduce MDOC costs by \$11 million annually, and nearly eliminate the financial gap between the recent Aramark bid and the cost of MDOC operations** while simultaneously saving the positive economic impact on Michigan's economy from this large purchase.

2. Staffing. The staffing plan by Aramark reduces the number of labor hours for each facility. Aramark also proposes eliminating the night shift. Both of these changes can take place within the MDOC public system, **however reducing labor hours in foodservice will create increased labor hours for custody**.

Of the two key staffing changes, the reduction in hours is of greatest concern. Our calculations indicate that **Aramark is staffing the prisons with 269 FTE, compared with 371 FTE for MDOC**. Nearly all of this difference is due to paid lunch policy. Presently, **MDOC pays for lunch because meals are consumed with inmates, and MDOC employees remain available for security**. Aramark does not offer a paid lunch break, instead reducing the work day to 7.5 hours with a one hour unpaid lunch break.

Several questions flow from an unpaid lunch policy in relation to security. Will an Aramark employee be expected to assist with an incident if they are on unpaid mealtime? If yes, does such an obligation then become a violation of the Fair Labor Standards Act? If yes, further, will Aramark then have a basis to demand a change order from the State? We urge Civil Service to resolve these questions before accepting the Aramark proposal.

The elimination of the night shift is feasible for MDOC, and such a proposal was under consideration prior to the issuance of the RFP. The night shift is involved in food preparation and baked goods production. Potentially, these positions can be allocated to other shifts without losing productivity or jeopardizing safety but are more likely to result in purchased baked goods with less nutritional value and in the elimination of training opportunities for inmates that are important in our effort to reduce recidivism. While Aramark prides itself on commitment to this goal, the department has made great inroads in this effort using civil servants.

A final staffing issue is related to compensation. It is unclear whether the pay and benefits provided to the workforce by Aramark will be sufficient to attract and retain qualified personnel (the compensation plans by Aramark were not available). Currently the MDOC turnover rate reflects natural attrition (i.e. retirements), and is well below the national average. If the compensation plan is inadequate, and labor turnover under Aramark accelerates, the State will face **security risks, additional training costs, and increased custody costs**. These expenses could not be quantified because Aramark has not provided its turnover rates nationally. We urge the Civil Service staff to require Aramark to do so in order to better ascertain the long term costs to the state. State training budgets will have to be increased commensurate with an accelerated turnover rate.

3. Food quality and quantity. Aramark has committed to a menu that matches the current MDOC meals. However, we remain unconvinced that the quantity and quality of Aramark food will match MDOC. Importantly, while Aramark claims they will match the menu, there has been no submission of recipes, and thus we have no information on the ingredients. A full comparison would require food recipes, ingredients, and an **equivalent measurement of** portion sizes as per the MDOC menu.

The “proposed” alternative menu by Aramark justifies this concern.² The alternative, lower cost option by Aramark includes the following:

- a. MDOC provides prisoners with the option of 100 percent fruit juice at every meal; Aramark will provide a fortified fruit drink.
- b. MDOC provides prisoners with the option of 2% milk for breakfast, lunch and dinner; Aramark will offer 1% milk for breakfast only (the meal with the lowest attendance rate).
- c. MDOC offers prisoners a fruit option at every meal, up to 2 cups per day; Aramark provides ½ cup per day.
- d. MDOC provides 4 oz. portions of Chicken Patties, Fish Patties, and Meat Balls; Aramark proposes 3 oz. portions.

CSC Staff should apply an “Apples to Apples” comparison

The purpose of Standard D is to require Michigan agencies to compare the cost of a publicly run service with the cost of a service provided through contract. Although not explicitly stated, drawing a fair financial comparison requires that the service proposed by the contractor be similar in scope, quantity and quality with the state service it will replace. Failing to match the qualities of the two alternative methods of service delivery renders the financial comparison invalid.

If the state Civil Service is required to operate under certain standards or constraints, then relaxing these standards or constraints in an RFP process enables contractors to submit lower priced bids. When this occurs, the contest is structurally rigged. Public systems cannot realistically compete on price when public employees are under mandate to operate in a more costly way than the contractor.

Hence, Standard D implicitly obligates a state agency that places a public service up for bid to equalize, as much as practicable, the scope, quantity and quality of the alternative delivery choices. In terms of value for the State, the proposal should incorporate any factor that might affect the State economy. The foundation of the financial comparison rests on the assumption that the public and private service options have nearly identical demands on performance.

² It does appear that MDOC has rejected the lower cost food proposal by Aramark. Nonetheless, the proposal itself, which clearly reduces the quality and quantity of food, raises suspicion that meal recipes will be similarly downgraded.

This very same argument was recently raised to give Aramark a second chance to bid on a food service contract for Michigan's prisons. In the original RFP, the Michigan Department of Corrections (MDOC) required bidders to price the service based on three meals per day per prisoner. Supporters of privatization perceived this requisite as unfair because current practice is to feed only those prisoners that show up for meals, and not all prisoners attend every meal. Thus, in practice, the DOC does not prepare three meals per day per prisoner, but something less than that amount. A revised bid by Aramark was prepared based on an attendance rate of 57 percent for breakfast, 90 percent for lunch, and 91 percent for dinner. This revision enabled Aramark to submit a lower bid estimate.

But this methodology is fundamentally flawed. The proposal calls for the State to reimburse Aramark based on meals served. Hence, the payments to Aramark are variable, not fixed. If the 57 percent breakfast, 90 percent lunch and 91 percent dinner estimates are too low, the **State carries the risk** when meal attendance exceeds these levels. The month used to arrive at the attendance estimate, February, is an especially low month for meal attendance – especially for breakfast. Had Aramark been required to submit a bid on three meals per prisoner per day, the bid amount would be approximately \$62.2 million annually, instead of \$49.7 million annually.

Per meal costs for MDOC *decline* as the meal utilization rate increases. The reason is that labor costs are fixed. Under the Aramark pricing proposal, contract cost will grow in proportion to meals served based on a per meal per prisoner price, which includes labor *and* food costs.

Standard D requires consideration of potential long range costs to the State

Standard D specifically states, “**The personal savings do not meet this standard if, despite the savings over the proposed period of disbursements, substantial savings would not likely be realized over the long term.**”

Long-term savings come into question when the proposal is artificially low, and the likelihood of change orders in the near future is high. Such has occurred repeatedly in the past. But conjecture is not sufficient. This proposal is particularly questionable for the following reasons:

- The contract price estimate is based on projections of the number of meals served, which in turn is based on a departmental estimate for one-month usage, February, the month that historically has the lowest meal attendance rate.
- Staff turnover among MDOC food personnel is very low. It is axiomatic that lower wage and benefit levels will increase turnover particularly in an expanding economy. AFSCME does not have access to the staff turnover rate at Aramark, however, in evaluating the long-term costs to the state of Michigan for this major change in the delivery of a major cost item, CSC staff should certainly request this information, and accordingly factor in the higher MDOC training costs.
- MDOC has made health care cost containment a priority. Potential nutrition deficiencies in the Aramark proposal may jeopardize these cost containment gains by increasing health care costs over the long run.
- As DTMB, ORS, and CSC is well aware, any sizable replacement of state employees (who pay into SERS defined contribution system) by contracted employees results in “stranded” unfunded liability costs increasing the cost per employee of this benefit. DOC and DTMB have recognized that “legacy costs” will be borne by the State in any event, but failed to adjust for past outsourcing and failed to adjust for the additional payroll costs that will be generated throughout the state as a result of the loss of payroll contributions.
- State employee regular overtime was calculated based on the amounts reported on the FY13 spending plan. This estimate is based on the historical spending pattern for the past two years. Overtime is used to cover for call ins and vacancy coverage. Though Aramark contends it will use overtime for the same purposes, it does not include any costs for this purpose raising the likelihood of future change orders.

Conclusion

The Standard D analysis provided by the Departments of Technology and Budget and Corrections does not reflect a true “apples to apples” comparison to Civil Service provisions. **Numerous additional costs would have to be added to the Aramark bid or subtracted from the cost for continued State provision of food service delivery for the analysis to provide an accurate cost comparison.** A valid comparison would require ARAMARK to match the standards and constraints that are currently at MDOC, such as purchase costs from MSI and local farms, food prices based on the MDOC menu, recipes and ingredients, and staff operations with an equivalent number of hours and a night shift. Or these state mandated costs would need to be subtracted from the cost of the state provision of services. For some policies (e.g. prime vendor; eliminate night shift), the changes can be implemented within MDOC, and thus realize similar savings while keeping the service under public control. Finally, the analysis does not take into consideration the long range costs to the State as required by Standard D.

AFSCME again respectfully requests an opportunity to meet with the Civil Service Review Team and the two joint evaluation committees that reviewed the Aramark proposal. We believe it is fundamentally unfair to allow our

competitor to meet with the Joint Evaluation Committee while denying us that opportunity. These and other questions can only be satisfactorily resolved by face to face conversations.

Thank you for your consideration.

NC/bn:iuoe324:afcio

The passage of a so-called “right-to-work” law in Michigan recently left the labor movement feeling gut-punched. The law, which defunds unions by allowing workers in shops represented by a union to opt out of paying for the cost of representing them, was a blow at the once-mighty unions that made manufacturing work, particularly Michigan's famed auto manufacturing, a middle-class career. It came in the heart of union country, and while after Ohio and Wisconsin (not to mention RTW's passage in Indiana last year as well) it was hardly a surprise that the wealthy businessmen who fund the Republican party wanted to destroy the labor movement once and for all, the swift passage of the bill (in just days) despite the protests of thousands outside still felt demoralizing.

To make matters worse, it came on the heels of some of the most exciting labor organizing in years; the strikes of hundreds of workers across the country at Walmart stores and warehouses, the strikes of fast-food workers in New York and similar organizing in Chicago. It came not long after Chicago's teachers union struck and pushed back against a wave of corporate-backed education reform policies.

While Michigan's unions regroup and begin the twin processes of trying to survive and retain dues-paying members in the face of RTW and trying to find a way to overturn the law, it's clear that the national labor movement needs to do more than just fight defensive battle after defensive battle. To kick-start a conversation, AlterNet spoke with several of the smartest organizers and labor thinkers we know, and asked them for their suggestions on how labor can go on the offensive in the next year.

Stephen Lerner, architect of the Justice for Janitors campaign

“It's time to reinvent the strike—the strike as guerrilla warfare,” says Lerner. The strike is the traditional weapon of organized workers, but employers have gotten pretty good at beating those strikes. But in his work with Justice for Janitors, Lerner learned that bosses weren't ready for short, quick strikes. “If you look at the strike as a way to make them pay a price for how they treat you, you do short strikes, in and out strikes,” he notes. “Part of the reason it's so difficult to organize workers now is most people work multiple jobs, they have not a moment to participate.

If you view the strike as having multiple goals, one is it allows workers to publicly declare and demonstrate they're unhappy. Second, because they're not at work they can talk to the media, go to churches. Third, it's something very concrete that they can do that does start to make the bosses a little crazy.”

The second thing Lerner suggests is a re-politicization of bargaining. “We need bargaining not to just be about workers but what's good for the community,” he says, “So that we're bargaining for broader issues, especially in the public sector. So that it's not bargaining for the few, it's bargaining for the many.” Chicago's teachers, he notes, raised the issue of the city divesting from banks that were foreclosing on people. “We need to make it so that people see that when those workers win, we all win, rather than they're negotiating for something we don't have.”

2. Jonathan Westin, executive director, New York Communities for Change, organizer of recent fast food strikes

“We believe that the future of the labor movement is really organizing low wage service sector jobs. These are the jobs we're stuck with, we need to make them livable jobs,” says Westin, whose organization, despite not being a labor union, has been organizing low-wage workers across New York City, from McDonald's and Wendy's and car washes to grocery stores.

It's not just about who you're organizing, Westin notes, it's also about how you do it. “It's about constantly pressuring employers from as many angles as possible. It's leveraging not only NLRB elections but back wage claims to pressure the employers, leveraging community pressure, boycotts, strikes. We did a strike at the car wash in the Bronx and they came to the table. That's the lesson, it's not just any one strategy, you have to come at them at every different angle.” Because, of course, the big money and corporations are coming at workers from every angle, from RTW laws and attacks on collective bargaining to wage theft and erratic scheduling. “There's so many sectors of low-wage workers that are affected,” Westin says, “Who's to say that we can't organize multi-sector campaigns together? It's not just we're targeting an industry, but we're targeting the entire service economy, looking to build that sector of workers in a big way.”

Ruth Milkman, Professor of Sociology at the CUNY Graduate Center, Academic Director at the Joseph S. Murphy Institute for Worker Education and Labor Studies

“Don't mourn, organize!” says Milkman, whose research has focused both on the American auto industry and recently, on low-wage immigrant workers. “Forget the NLRB system,” she continues; that system has become largely dysfunctional for the workers

who are covered by it, and for many it's simply not a question—they're not included in its protections, so they have to find other solutions.

“This is the time to rebuild from the bottom up, with a focus on low-wage workers, both immigrants and the U.S. born,” Milkman says. “Organizing should be based on alliances with community groups, faith leaders, and pro-labor elected officials, drawing on the full spectrum of historical strategies and tactics.”

Bill Fletcher Jr., longtime organizer and author most recently of “They're Bankrupting Us” And 20 Other Myths About Unions

“We're living with the consequences of a movement that ceased being an economic justice movement,” Fletcher says. To get back to those roots, he's advocating some serious change and rebuilding for labor. In Michigan, for instance, Fletcher points out the need for internal as well as external organizing, for really explaining to members what unions are all about, and the nature of an economic justice movement. “We need leadership that truly gets neoliberal globalization,” he notes. From there, he points out, it's important to teach members as well.

Internally, he believes that unions need to re-examine their structure, evaluate positions, committees, and connect them to the overall mission of the union. Externally, too, he calls for a reevaluation of central labor councils and other forms of geographic organization—organizing across a city or metropolitan area. “What these central labor councils allowed us to do was position organizing as an economic development strategy.”

Beyond that, he's calling for leadership that is willing to take risks—including knowing when to step down—and to build new alliances. “We need new leadership that understands that alliances are not about hiring the Hessians.

This tendency of some unions to believe that alliances with other forces is about funding those groups to do what we want them to do.”

As far as politics, Fletcher says, “The strategy that I've advocated for a number of years is not a go-it-alone labor electoral strategy. It basically is labor playing a role with key community based organizations in developing a platform and organizational form for doing electoral work inside and outside the Democratic party.” It's about organizing politically in neighborhoods and communities where union members are and building leverage that way rather than depending on a party.

Jane McAlevey, longtime organizer and author of Raising Expectations (And Raising Hell)

McAlevey points out that the entire structure of work has changed over recent years. That means that there are many workers who don't see how unions could work for them, and who have to be reintroduced to the entire concept of unions. “The way that unions can keep any kind of skin in the game is by rethinking their relationship to their own rank and file and rethinking their relationship to their broader community,” she says.

“How about budgeting the time and recruiting a ton of your top rank and file leaders to go out and meet with damn near every single member of the union, in their worksites, in their neighborhoods, in community meetings?” She suggests that from there, workers themselves could chart and track the relationships they have in their community, figure out their connections. “What is the social fabric of the relationships that the 16 million members of unions in this country hold?”

16 million, she notes, isn't a lot when it comes to the percentage of the workforce (7 percent of the private sector), but it's still a lot of people who have a lot of connections and can have conversations with their community. But to get there, the union members have to feel connected, have to take responsibility, and have to feel like they own their union and they care about their union.

“There's no reason to expect that a rank and file member is going to prioritize and make time to reintroduce the value of their union to their community unless they value their union.”

This kind of work can be done, she notes, and must be done—the same way unions put together a Get-Out-The-Vote machine for presidential elections.

Eric Robertson & Ben Speight, Teamsters 6. Local 728, Georgia

When it comes to organizing under so-called “right to work” laws, Robertson and Speight know all about it. “What Scott Walker tried to do in Wisconsin is our status quo here. In Georgia, there's no recourse. You can literally be told 'I'm firing you for that union button, get out.' There's no board to petition for unfair labor practices. The only ability we have to organize is the discretion of the employer,” Speight says.

Robertson wants to see the labor movement create plans for growth across sectors, and evaluate whether they really have the resources to carry out those plans. “The issue of archaic structures that impede growth is a huge weight that is hanging around our collective necks.”

“Labor has to think far beyond the confines of what has been permitted for us to organize,” Speight says. “The solutions to labor's challenges now come from a recognition that we can only truly grow at the scale that's needed to bring about balance in our society and economy if we're able to compel owners to drop their weapons.” That either comes through comprehensive labor law reform that brings in workers traditionally excluded from the protections of the NLRA, or, he notes, through massive action from working people and allies, making it impossible for owners to keep operating their businesses until they deal fairly with workers. It's time for mass action, Speight says. “There's the old saying that you can have collective bargaining at the table or have it in the streets.”

“We need to teach people, even longstanding union members, in practice what collective action looks like, how do we identify targets, how do we escalate tactics to make those targets say yes.” To get there, he notes, labor needs to “embark on a deep relationship-building effort with our allies, so that struggles, attacks on labor are not viewed as an attack on labor in isolation, but are viewed as attacks on fundamental democratic rights.”

PORTLAND, Ore. - Unions in Oregon are banding together to help new unions get off the ground ... and organizers say the new approach is working. Some 300 Head Start employees submitted cards to the [Employment](#) Relations Board Monday to form a union, and about 3000 workers have set up unions in the past year.

According to Oregon AFL-CIO president Tom Chamberlain, established unions share advice, manpower and sometimes even money with the new labor ventures. "To give workers an opportunity to decide whether they want a union or not takes some real coordination to sort of push back on this multi-million-dollar industry that's grown up around union-busting, and denying workers the right to organize," he declared.

He explained that the idea arose after hearing from workers who were interested in forming a union, but didn't have time or expertise to do it on their own.

Bruce Hansen, the business representative for Amalgamated Transit Union Local 757, said the new approach of offering support meant 170 new members. "Communicating all the way through the process, updating them, keeping them involved," was the work to be done, he said. "Actually, in this one particular location, our local has tried to organize them, I believe, three additional times unsuccessfully up until this point."

Some of the unions in the new partnership: Oregon AFL-CIO, Communications Workers of America, Oregon Nurses Association and the Oregon State Building and Construction Trades Council, among others.

From: Mark Schauer [info@markschauer.com]
Sent: Tuesday, May 28, 2013 10:15 AM
To: nick@miafscme.org
Subject: I'm in!



Dear Friend,

I wanted to let you know that I just filed the paperwork to become a candidate for governor. I'm ready to run, I'm ready to work, and I'm ready to win in 2014. And I hope you'll stand with me.

We need a governor who will protect the middle class and invest in education to create good jobs for Michigan workers.

As Governor, I will always have your back.

Rick Snyder has taken our state in the wrong direction.

Snyder raised taxes on pensions and working families, and his cuts to local schools have led to widespread teacher layoffs and higher tuition – all so he could pay for a \$1.8 billion tax giveaway to corporate special interests.

Even worse, Snyder's plan for education includes a secret "Skunk Works" voucher scheme that would cut another \$2,000 per student, and replace teachers with teleconferencing.

This governor just doesn't get it. Snyder thinks that the evidence of a vibrant economy can be seen in boardrooms and stock returns. You and I know that the backbone of a healthy Michigan is a strong middle class.

Rick Snyder has billionaires like Dick DeVos, Donald Trump and the Koch brothers on speed dial, but **I'm counting on support from people like you** who know we need a governor that fights for the middle class.

It's time to build an economy that works for everyone – not just the wealthy, and not just the special interests.

Thanks for your support,

Mark

P.S. Be sure to visit our [new website](#) and follow the campaign on [Facebook](#) and [Twitter](#).

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Editorial: Happy tax day! Where are the jobs?

Detroit Free Press Editorial Board Filed Under Opinion Editorials Rick Snyder

Apr. 15 freep.com

Gov. Rick Snyder's overhaul of the Michigan tax code was based on a simple promise: Make the business tax code simpler (and overall business taxes lower) to create jobs, even if that means increasing taxes on pensioners and on low-income family.

On Tax Day two years later, the governor's promise is largely unfulfilled.

Sure, the economy is adding jobs, but at a modest pace that doesn't begin to make up for the hundreds of thousands of jobs lost by the recession. Michigan's unemployment rate of 8.8% continues to outpace the national rate of 7.7%, according to figures released by the U.S. Bureau of Labor Statistics last month.

And jobs have largely been created by a resurgence in manufacturing that has been fueled by the auto recovery. There hasn't been a wave of new job creation as a result of the new 6% corporate income tax, which amounted to a \$1.7-billion tax cut for businesses.

Meanwhile, thousands of Michigan families are filing returns with smaller refunds or arrears, and that burden is falling heavily on the poorest.

Snyder's soft spot for business was unsurprising, and also defensible. He's a former venture capitalist and CEO who understands the power of job creation; tax structure and rates play some role (though maybe not as much as Snyder thought) in driving business owners' decisions.

But Snyder seems to have little comparative sympathy for the travails of working-class Michiganders or those who live in poverty. For many of them, the changes Snyder made in the tax code to pay for the tax cut for businesses have resulted in serious financial challenges.

Reforming the Michigan Business Tax, with its unfair 22% surcharge on gross receipts, was the right move. And frankly, it was the only logical move in a state that was hemorrhaging a rate faster than most others.

Taxing pensions was also necessary reform; it leavened an imbalance between retirees who had pensions and those who lived off investments. Other cuts, like the one to the Earned Income , were never a great idea.

But the payoff for Snyder's massive tax shift was supposed to be more jobs and a more robust economy for everyone. And it was supposed to materialize pretty quickly. It hasn't. And what we're left with is \$1.7 billion more in the hands of businesses, while pensioners, low-income families and homeowners who aren't getting the Homestead Property Tax Credit, the child exemption, or a deduction for charitable donations are filling the state's coffers.

That's not right. And it's probably not what Snyder intended, although if he didn't consider this outcome as a possibility, he was horribly short-sighted. Michigan taxpayers are feeling the pinch today, as they file their returns. Businesses, for whatever reason, aren't holding up their end of the bargain.

It's time to seriously rethink the governor's approach, and to better protect those at the lower end of the economic scale while we wait for job creation to make a more robust return.

Labor Voices: Retirees and workers are taxed to the limit

1:00 am detroitnews.com

This spring, many Michigianians file , only to be confronted by unpleasant surprises. In many cases, their pensions were taxed for the first time; others found that their Earned Income Tax Credit (EITC) had been slashed. Some faced drastically reduced homestead tax credits. Each of these austerity measures is unnecessary and unfair. It is time to account for where that money went and figure out a better way to rebalance our books.

Gov. Rick Snyder presides over an unprecedented redistribution of wealth favoring those who are already wealthy. Annually, \$1.4 billion is being given away to special interests in the form of new tax breaks with no job-creation requirements attached.

In spite of a recent rebound in the auto industry, Michigan's unemployment rate hovers a full percentage point above the national average. One factor suppressing our economic recovery is this package of regressive tax policies adopted by Snyder and Republicans in the Legislature. Ordinary people simply don't have extra money to spend in order to stimulate growth, and the corporate special interests that benefited from tax giveaways over the past two years aren't hiring more or investing in our communities.

Let's review the specifics of what workers and retirees have lost, thanks to corporate tax handouts. The homestead property alone will be cut for about 400,000 families, costing taxpayers around \$270 million. This would be a threat to the American Dream under any circumstances, but now is especially cruel timing.

Michigan has not fully recovered from the housing market collapse and many of our neighbors need all the help they can get to stay in their homes.

The EITC helps low-income workers, often single parents, make ends meet. The Michigan League for Public Policy estimates that at its former level of 20 percent the EITC would keep 14,000 children out of poverty. At its current rate of 6 percent, 9,000 children will be unnecessarily pushed back into poverty. In the short term, that could mean food on the table, heat during the winter or basic school supplies. In the long term, lifting kids out of poverty is one of the best ways to improve academic performance and help them become economically self-sufficient members of our community.

It is worth noting that at the same time that taxes for ordinary Michigianians increased, public funding and services decreased, including \$1 billion in annual cuts to education.

Last but not least, new taxes on senior pensions will cost retirees more than \$340 million. It may seem like a cliché, but some will actually be forced to choose between groceries and prescriptions.

It doesn't have to be this way. State representatives Theresa Abed, Scott Dianda and Henry Yanez should be commended for the legislation that they introduced this week, which will repeal these attacks on workers, retirees and families.

Of course, balance is unlikely to be restored to our state tax code during this legislative session. Snyder and Republicans let corporate special interests out of paying their fair share and placed a larger tax burden on the backs of working families intentionally, based on an ideology that benefits only a few.

This year, many ordinary Michigianians will find themselves taxed to the limit. The solution is to make sure Republican politicians pay the appropriate political price in 2014.

Karla Swift is the Michigan state president of the AFL-CIO.

Michigan taxpayers take their anger out on Gov. Rick Snyder

By Paul Egan and Kathleen Gray Detroit Free Press Lansing Bureau Filed Under Local News Politics Rick Snyder Lansing Grand Rapids

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LANSING -- Today is the income tax filing deadline, when many Michigan residents vent about Uncle Sam after calculating exactly how much of their yearly earnings went to Washington, D.C. But this year, Gov. Rick Snyder is getting much of the blowback as tax changes he pushed through the Legislature in early 2011 -- such as taxes on pension income and reductions in the Homestead Property Tax Credit -- are affecting Michigan for the first time.

"The bottom line is, they took money out of my wallet and now I can't spend that money," said Ken Good, 59, of Brownstown Township, a retired autoworker whose pension is taxed as a result of the 2011 changes. By taxing pensions to help fill a hole created by a \$1.8-billion business tax cut, Snyder was "just helping his Republican buddies," Good said.

The anger is real. Whether it's only temporary, or profound enough to hurt Snyder's re-election chances in 2014, is less clear.

Snyder's popularity plummeted two months after he took office when he unveiled a 2011-12 budget that included the pension tax, along with the elimination or reduction of popular tax credits and deductions, such as the state's earned income tax credit for low-wage workers.

But by last fall, amid a slowly but steadily improving economy, his poll numbers had climbed back to record highs above 50%. Then came the frenzied lame-duck legislative session in December, with its rushed passage of the controversial right-to-work law, that sent Snyder's support crashing again.

Who is to say he won't again be riding high in the polls a year from now?

"Things change," said Lansing pollster Bernie Porn, president of EPIC-MRA. However, pushing a pension tax he never talked about in the 2010 election campaign, then backing right-to-work after saying it was not on his agenda play on the question of Snyder's trustworthiness and truthfulness, Porn said.

"That's what campaigns are made about," Porn said.

Richard Czuba, a Michigan native who is president of the Chicago-based polling firm Glengariff Group, said how voters perceive the state of the Michigan economy in 2014 -- not actions taken by the Legislature in 2011 or 2012 -- will be the primary factor in whether Snyder gets re-elected, should he choose to run again, as expected.

Czuba noted that former Democratic Gov. Jim Blanchard faced severe voter anger after raising personal income tax rates during his first year in office in 1983, but easily coasted to a re-election victory in 1986. "It's important to not get caught up in the machinations of Lansing in assessing how the public views performance," Czuba said.

The fact no clear Democratic challenger has emerged also works to Snyder's advantage, because of the extreme difficulty of unseating an incumbent governor, he said.

Blanchard was the last incumbent governor voted out, when he sought a third term in 1990 and lost to John Engler. The last Michigan governor not elected to a second term was Democrat John Swainson, voted out in 1962.

Duane Culver, owner of Culver CPA Group in Grand Rapids, said most of his clients adversely affected by the 2011 income tax changes were surprised. "Very few of them were up to speed," and one change alone -- no longer qualifying for the homestead credit -- is costing some couples as much as \$1,200, Culver said. "Who are they blaming? Gov. Snyder," he said.

Snyder said Tuesday that the feedback he gets about the tax changes isn't all negative. He said he heard of one businessman who no longer had to pay the Michigan Business Tax -- which the Legislature abolished -- and used the savings to for all his employees. "That's really cool," Snyder said.

"A lot of this is for the long-term benefit of Michiganders; thinking about our kids, and being fair to one another in terms of how we have a tax system," he said.

Democrats, who oppose the pension tax and other changes, were seeking to capitalize on the issue as the tax filing deadline approached, with House Democrats planning an event at noon today at a Sterling Heights post office where residents will be mailing last-minute filings of their returns.

Last week, Senate Democrats tried unsuccessfully to move their bill to repeal the pension tax out of committee and onto the Senate floor.

But not all Michigan residents are incensed about the tax changes. Jesi Smith of Rochester Hills and her husband, Brad Smith, were still compiling their tax documents Friday to take to their accountant. They said they are expecting a smaller refund. For one thing, their five children -- between the ages of four and 14 -- are no longer eligible for exemptions of \$600 each.

"You have to balance the budget," Smith said. "I don't mind biting the bullet so my kids don't have to."

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"We don't want an environment where we discourage people from coming up with new ideas, do we?" Snyder said during an April 23 online town meeting. (David Guralnick / The Detroit News)

Is 'skunk works' the new normal in Michigan governance?

detroitnews.com

May 2, 2013 at 1:00 am

A growing number of unofficial committees are being created in state government to help craft policy, a development highlighted by the revelation nearly two weeks ago of secret meetings by a group focused on developing a low-cost charter school.

Work groups or task forces in the capital city are not new. But some Lansing observers argue their use has increased under Gov. Rick Snyder, who has tried to introduce a business-like management to state government.

In the last legislative session, there were publicly known work groups on juvenile sentencing, increasing transportation funding, oil and natural gas extraction policy and reforming Michigan's medical marijuana law. Only the marijuana task force led to legal changes, including clarifications on rules for patients wanting to register to use pot and more restrictions on medical marijuana providers. The emergence of task forces working on state policy ideas has ignited a debate on whether they promote or damage democracy.

"New ideas and work groups can be a good thing and an instrumental part of a healthy democracy," said Snyder spokeswoman Sara Wurfel. "These efforts are focused on providing better and more effective service to our customers, the 10 million residents of Michigan."

Critics counter that work groups are becoming increasingly used in this era of legislative and executive branch term limits to shield the public from governmental deliberations.

Snyder's Council on Law Enforcement and Reinvention recently received publicity after the Lansing newsletter Michigan Information & Research Service reported about the group's study of possible of 911 call centers, despite the absence of emergency dispatchers on the 16-person panel.

"I understand that sometimes you can get more things done if you don't go through all of the cumbersome processes of democracy, but I think it's really a disservice to the people," said Senate Minority Leader Gretchen Whitmer, D-East Lansing.

Legislative work groups haven't usually been controversial. They have led to major changes in state law, such as the property tax and school funding reforms that became Proposal A in 1994.

In the fall of 1993, the co-speakers of the House, Republican Paul Hillegonds and Democrat Curtis Hertel, formed a 12-member bipartisan group that met behind closed doors for six weeks to hammer out the Proposal A reform proposal. It led to an agreement in which Gov. John Engler offered for voter approval his plan that limited increases in local, boosted state aid for education with a 2-cent rise in the sales tax and paved the way for independent charter .

The plan was approved by 69 percent of voters, avoiding a Democratic alternative that would have automatically become law if Engler had lost.

"I think it really was a necessary step on a bipartisan basis to get an agreement on Proposal A," said Hillegonds, who is now an executive at DTE Energy. "They weren't public meetings, but it was commonly known they were meeting and what they were meeting about."

But the use of work groups was sparse until Snyder took office in 2011. "I cannot recall Jennifer Granholm or, for that matter, John Engler or Jim Blanchard, using work groups that were meeting secretly, semi-publicly or publicly working on ideas," said Bill Ballenger, publisher of Inside Michigan Politics, referring to Snyder's three predecessors.

State Rep. Phil Cavanagh, D-Redford Township, and former Rep. Ken Horn, R-Frankenmuth, ran the medical marijuana work group last year, traveling the state to meet with patients and cannabis advocates, doctors, prosecutors and judges on proposed changes to the 2008 voter-approved law. The bipartisan duo eventually whittled an eight-bill package down to four bills, Cavanagh said.

"I thought it was better legislation than if we had just done one committee meeting and rammed it through to the floor," Cavanagh said.

This year, a new House Committee on Michigan Competitiveness initially split off into bipartisan work groups to study workforce development, retention and the state's use of its natural resources, said Rep. Mike Shirkey, chairman of the panel. Shirkey, R-Clarklake, said the committee has taken an "upside down approach" by studying issues instead of being a "receiver of legislation." The work groups have not generated legislation, Shirkey said, but any bill that emerges could end up in a different committee.

"I think we represent an excellent example of the use of work groups that taxpayers and citizens should value and appreciate," Shirkey said.

Secrecy discourages success

But the education reform group with Snyder officials differed from most task forces. Former lawmakers and political experts said they can't recall a group declaring itself a secret project in writing — its "skunk works" alias — and excluding relevant interest groups — in this case, the education lobby.

"My experience is if you try to keep something secret, you're not going to be successful — and I think this becomes the case in point," said former Senate Majority Leader Ken Sikkema, R-Wyoming, a senior policy fellow at Public Sector Consultants in Lansing.

While claiming he had nothing to do with the "skunk works" project, Snyder has said state employees ought to be able to work in secret "on their own" to generate new ideas for the government. Records obtained by The News show some state employees worked on the education project during normal business hours to correspond with private-sector technology companies and charter school advocates.

"We don't want an environment where we discourage people from coming up with new ideas, do we?" Snyder said April 23 during an online town meeting.

The Detroit News' reporting of the work group's existence on April 19 generated a barrage of criticism from Democrats and education groups. After less than a week, Snyder let state Superintendent of Public Instruction Mike Flanagan take over the project's focus on classroom technology. Flanagan disavowed the group's documented exploration of using a public school voucher-like funding mechanism to pay for a \$5,000 per child education — \$2,000 less than the minimum annual state grant for students.

Loss of institutional insight

Longtime Capitol observers worry about the increased reliance on work groups because voter-approved term limits have erased most institutional knowledge in the Legislature. House representatives can serve up to six years, while senators and governors are limited to two terms, or eight years, in office.

"I think that's made work groups more common because of (term limits)," said ex-GOP state Rep. Don Gilmer, who represented parts of Kalamazoo County from 1976-98 and was on the Proposal A work group.

bridgemi.com : RESEARCH-POLITICIANS-HAVE-LITTLE-IDEA-WHAT-VOTERS-ARE-THINKING

Research co-authored by Chris Skovron says political leaders aren't that adept at identifying the views of their constituents on some hot issues; and that conservative politicians are the least adept.

By Zach Gorchow/Bridge Magazine contributor

Politicians aren't particularly adept at knowing the views of their own constituents – and conservative politicians are the least adept of the bunch. Those are some of the major findings of a recently released research paper co-authored by a graduate student at the University of Michigan.

Chris Skovron, of U-M's Department of Political Science, along with David Broockman, a graduate student at the University of California-Berkeley, surveyed 1,907 candidates for state legislative office in August 2012 and then again in November 2012 about what they thought their constituents' opinions were on three issues:

- Same-sex marriage
- Universal health care
- Abolishing federal welfare programs

Bridge recently spoke with Skovron [about the research](#), which showed conservatives and liberals alike overestimating the conservative element of their districts.

Bridge: What is political misperception?

A: Can constituents control what their legislators do? ... On the one hand, a legislator can perceive what their constituents think and they can vote according to that. On the other hand, citizens can select legislators whose own views are in line with theirs through elections. So the particular question that David and I are looking at in this study is that perceptions question.

Basically, do legislators and candidates for state legislative offices know what their constituents want?

Bridge: If you talk to legislators up here, they'd say 'Hey, I hold coffee meetings with constituents. I go door to door and talk to them about issues. I go to school board, local government meetings.' They would probably tell you ... 'Who are you to say I don't have a good read on my constituents?'

A: The average person in the sample is off by between 15 and 20 percentage points. What it suggests to us is people just aren't talking to everyone in their district, right? I think if you think about the ways that campaigns are structured, that makes some sense. The parties give them targets of who to talk to and these are often persuadable voters that represent moderates or their own partisans that they're trying to turn out to vote so that's sort of a biased subset.

And at the same time, the people who choose to contact legislators clearly are not a representative sample of everyone who lives in their district. It's people who have strong opinions and feel like expressing them. I think it's only natural that legislators, even if they are out in the community a lot, might get a skewed view just based on the fact that they're not talking to a representative sample of everybody — unless they sort of systematically knock on random doors, which I don't think any campaigns do anymore.

Bridge: What data point or piece of analysis did you find that best illustrates this gap?

A: What we think is the most important is just the spread of the inaccuracies — that there are some people who are extremely inaccurate in a conservative direction, some who are extremely inaccurate in a liberal direction. But what matters if you're a citizen is what your particular representative thinks. Some people have representatives who are congruent with district preferences, others don't. That's something voters should think about — and legislators should also think about whether they have an accurate read on their district or not.

Bridge: What do you think could be done to narrow this perception gap or is this just a fact of modern-day politics?

A: I don't want to speculate too much in that area because we really don't have much in the way of data that speaks to that. One of the striking findings though was that candidates didn't get more accurate after the election. So we went back and we surveyed about a quarter of our respondents again in November after the 2012 election and we didn't find that they had improved at all. So it doesn't seem that paying attention to election results is the trick necessarily.

Bridge: How much do you think that the 2010 election, which obviously was a huge election for Republicans, big sweep for them, might have colored perceptions going into 2012 since maybe conservatives coming off of that election we're thinking, 'Hey, it's a conservative country' and for that matter liberals were probably thinking it's fairly conservative. Do you think that stretched the data in any way?

A: Yeah, I think that definitely could play a role here. Sort of a broader story that we tell ourselves about American culture, it's sort of a center-right nation, (Richard Nixon's) idea of the "silent majority."

Bridge: Did you check to see what percentage of the candidates that responded to your survey went on to win legislative office because, as you probably know, a lot of people who file to run are either very fringe or aren't serious?

A: I don't remember that figure right off the top of my head, but it is slightly less than half. ... We didn't have a really serious bias against winners. ... And so it's interesting that the patterns of accuracy among those people were very similar to people who lost. The sitting legislators don't tend to do much better than losing candidates.

Bridge: One of the things I thought was really interesting was how there appeared to be no change in candidates' perception of the voters in their district after they had done all the things that good candidates do, the door-to-door, the meet-and-greets, those kinds of things. What did you make of that?

A: It was really surprising that knowing the election result, knowing whether they had won or lost, didn't really make them update on their estimate. Certainly they changed, right. But as a group, the candidates didn't get a lot better.

I don't want to make too much of that. It was only one campaign. It was only one type of office. But yeah, it's a little bit discouraging for those of us who might think that the way to take the temperature of your district is to say go to a lot of Rotary clubs and knock on a lot of doors.

Editor's note: This story was produced in a collaboration between Bridge Magazine and the Gongwer News Service. Zachary Gorchow is editor of the Gongwer News Service in Lansing. Gorchow previously worked as a reporter for Gongwer and at the Detroit Free Press before becoming the news service's editor. He is a graduate of Michigan State University.

LEAGUE: SNYDER'S PLAN HITS POOREST RESIDENTS 10 TIMES HARDER

Opponents said Tuesday that [Governor Rick Snyder](#)'s tax proposals would cost the state's poorest families about ten times more than the richest Michiganders.

A release from the Michigan League for Human Services said those in the bottom 20 percent of household earnings would see their taxes increase by about 1.1 percent and those in the top 1 percent of earnings would see their taxes rise by 0.1 percent under Mr. Snyder's plan, which includes replacing the Michigan Business Tax with a 6 percent corporate income tax and eliminating the state Earned Income Tax Credit, according to a report by the Institute on Taxation and Economic Policy, a Washington-based think tank.

League officials said cutting the EITC has the biggest impact on the amount those earning less than \$17,000 annually would be expected to pay in taxes.

"Many people may not realize that we're talking about a large tax increase on working families and seniors to pay for business tax cuts," said Karen Holcomb-Merrill, director of the League's state fiscal policy project. "Seniors, working families and kids are not being asked to sacrifice in order to make sure needed services are available. Instead, they're being asked to sacrifice so that most businesses will not have to pay any taxes at all."

Gongwer, 3-8-11