

# The Cost of Politics



# Recent Laws Cost You Money

- Rick Snyder and the Republican legislature have passed a number of bills that take money out of your pocket.
- Most of these bills passed in a partisan manner, **with Republicans in favor and Democrats opposed.**



# Right to Work

*Snyder didn't support it...until he did.*

- He said “it’s not on my agenda” and “too divisive” *US House Education & the Workforce Committee 2-1-12*
- Then he signed it, saying “I don’t believe this is actually anti-union. If you look at it, I believe this is pro-worker.” *Morning Joe 12-12-12*



# The Truth About Right to Work

- Right-to-Work laws have no significant impact on attracting employers to a particular state.
- Right-to-Work laws lower wages—for both union and nonunion workers alike—**by an average of \$1,500 per year**, after accounting for the cost of living in each state.
- Right-to-Work laws also decrease the likelihood that employees get either health insurance or pensions through their jobs—again, for both union and nonunion workers.

*--EPI Briefing Paper 9-15-11*

# The “Real” Reason for RTW

“The **real motive** of Michigan's right-to-work champions, as former GOP legislator Bill Ballenger ruefully observed, is "**pure greed**" -- the determination to emasculate, once and for all, the Democratic Party's most reliable source of financial and organizational support.

*-- Detroit Free Press, December 9, 2012*

# Tax Shift from Business to You

- Gov. Snyder and legislative Republicans enacted HB 4361 (PA 38-2011), a huge tax shift.
- Businesses saw their taxes cut by \$1.4 billion while individuals saw their taxes hiked by \$1.2 billion.



# Taxing Pensions

- Under the new law, a senior couple with a \$30,000 pension born between 1946 and 1952 would pay **\$430 in higher taxes**. A retired couple born after 1952 with the same pension would pay **\$1,165 in higher Taxes**. **The average pension tax hike would be \$797**. Many would pay more.



<http://www.house.mi.gov/hfa/PDFs/FINAL%20TaxpayerExampleM.pdf>

# More Tax Hikes for Seniors



- The \$2,400 exemption for persons over 65 has been eliminated.
- The Homestead Property Tax Credit, which benefits thousand of seniors, has been slashed by \$270 million.



# Cutting the EITC

- The Earned Income Tax Credit lowers taxes for low income working families by reducing their tax burden to reflect their modest income.
- The credit was equal to 20% of the federal EITC. The new law lowers that to 6%. As a result, low income families receiving the credit **will pay \$307 in higher taxes.**



*<http://www.milhs.org/eitc-cut-244-million-impact>*

# Income Tax Hikes

- The new tax law eliminates or reduces many tax exemptions currently enjoyed by middle class working families, including the personal exemption, the exemption for dependent children and the homestead property tax exemption.
- Under this new law, a married couple with two children earning \$55,000 and paying \$3,000 in property taxes **will pay \$739 in higher taxes.**

# Middle Class Tax Credits? Gone!

The new law **eliminates \$504 in tax credits** that help middle class families. Lost credits and their average annual cost include:

City Income Tax	\$ 38
Homeless Shelter & Food Banks	\$ 81
Vehicle Donation	\$ 56
College Tuition	\$146
Community Foundations	\$ 93
Public Contributions to Libraries	\$ 90

# Unemployment Benefits Cut

- Gov. Snyder and Republican lawmakers enacted HB 4408 (PA 14-2011), a bill that cuts the maximum number of weeks of unemployment benefits in Michigan from 26 to 20. With an average weekly unemployment benefit of \$293, that 6 week benefit cut amounts to **a loss of \$1,779.**
- Because federal extended unemployment benefits are based on the number of weeks of state benefits, the 6 week cut results in the loss of 11-14 weeks of federal benefits, **a loss of \$3,262 to \$4,152, an average loss of \$3,707.**



# Worker Compensation Cuts

- Republicans passed HB 5002 (PA 266-2011) that will make it harder for injured workers to qualify for benefits and reduces benefits by “imaginary wages” that a worker doesn’t earn.
- The average worker comp benefit is \$416 a week and the average duration of benefits is 13 weeks. If the average injured worker is denied benefits under this new law, **they would lose \$5,408.**

[http://www.wcrinet.org/benchmarks/benchmarks\\_11/benchmarks\\_11\\_fig\\_10.html](http://www.wcrinet.org/benchmarks/benchmarks_11/benchmarks_11_fig_10.html)

*CompScope™ Benchmarks for Michigan, 12th Edition. Bogdan Savych. December 2011. WC-11-47.*

# Public Employee Health Care Hikes

- SB 7 (PA 152-2011) requires that all public employees pay 20% of their health care costs, which could cost **\$1,520 more per year for health care.**
- SB 1040 (PA 300 of 2012) will eliminate retirement health care for newly hired school employees and **double the cost of retiree health insurance by an average of \$700.**
- HB 4701 (PA 264-2011) would do away with retirement health care for new state employees and require those hired after 1992 to contribute 4% of their salary to pensions costs. This would **cost the average state employee about \$2138 a year.**

# Restore UI Cuts & Benefit Hike

- Republicans enacted SB 500, legislation that gives automatic business UI tax cuts when the UI Trust Fund reaches a certain level.
- Democrats said that if the Trust Fund had money to spare, it should go to jobless workers and their families, who haven't received an increase in the maximum UI benefit in 13 years.



# Restore UI Cuts & Benefit Hike

- Democrats offered an amendment tie-barring the bill to SB 525, a bill to increase the maximum weekly benefit from \$362 to \$471, index it annually for inflation and restore the 6 weeks of benefits cut in 2011. The amendment failed on a mostly party line vote.
- If the amendment had passed, laid off workers would have received **an extra \$5006 a year.**



# Do the Math

Right to Work	\$1,500
Pension & Income Tax changes	\$797
Cut Income Tax Exemptions	\$739
Cut to EITC	\$307
Loss of Tax Credits	\$504
Worker Comp Cuts	\$5,408
Public Employee Healthcare	\$1,520
State Retirement Healthcare	\$2,138
School Retirement Healthcare	\$700
Unemployment Benefit Cut	\$1,779
Extended UI Benefit Cut	\$3,707
<u>UI Benefit Hike Defeated</u>	<u>\$5,006</u>
<b>Total Loss</b>	<b>\$24,105</b>

# More Attacks on Labor Coming

More anti-labor laws have been introduced, including;

- SB 279 & 280 would ban union leave time for public employees to do things like negotiate contracts and settle grievances. *Passed the Senate.*



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- SB 250 would cut minimum wage for workers age 18-20 years old by \$.90 per hour. For a full time worker, that's a loss of \$1,872 a year. *On Senate floor.*

# More Attacks on Labor

- SB 1-3 (*Passed Senate*) and HB 4001-3 (*House Commerce Committee*) would eliminate prevailing wage for construction workers, resulting in wage and benefit cuts for skilled workers who give good value to taxpayers.
- HB 4311 (*House Government Operations Committee*) would eliminate exclusive representation for public employee unions. This would allow management to negotiate contracts with individuals, playing favorites and undercutting the union.

# Elections Have Consequences

- These bills passed because the Republicans hold the Governor's office and control the House (61-45-1), with 3 vacancies, and the Senate (27-11).
- Republican legislators voted to take money out of your pocket. **Unless they are defeated at the ballot box, they will keep doing this to you!**

# Democrats vs. Republicans on Labor Issues

- Most of the anti-labor legislation mentioned here was passed on a party line vote, with Republicans in favor and Democrats opposed.
- To give you an idea of how the representatives from the two parties voted, consider the cumulative voting record of all 110 members of the House of Representatives on basic labor issues:
  - **Democrats voted 98% Right and 2% Wrong.**
  - **Republicans voted 3% Right and 97% Wrong.**

# Communication; Key to Victory!

- Talk to your co-workers about this.
- Make phone calls at union phone banks.
- Knock on doors at labor walks.
- Pass out flyers in the workplace.
- Talk with your local union to find out how you can help.



# The Ballot Box and the Bread Box



“There's a direct relationship between the ballot box and the bread box, and what the union fights for and wins at the bargaining table can be taken away in the legislative halls.”



# If We Vote, We Win

- There are more of us than there are of them.
- They have money...we have numbers.
- If we vote, we win!.

