

GOVERNOR JENNIFER M. GRANHOLM

Friday, January 19, 2007

Hello, this is Governor Jennifer Granholm.

This week, economists gathered in Lansing for a bi-annual meeting known as the Revenue Estimating Conference.

Usually this meeting, which is to determine how much revenue the state can expect in the coming months, garners little public attention.

This was different. This conference has been anticipated for weeks, it's been discussed on radio and TV, its been written about in newspapers.

And you may wonder, why so much attention?

Its because we have a problem in Michigan. A persistent budget problem that has grown over time and is now at crisis level.

According to economists, Michigan's budget is \$3 billion short of the revenue that we need to provide basic services this year and next.

This dramatic shortfall comes on the heels of four straight years of cuts. I've cut \$3 billion from state government – more than any governor before me. Cuts to higher education, local police, local fire protection, the arts, adult education, and so much more.

The revenues to the state have declined for two main reasons. One is the number of tax cuts over the past seven years that both I and my predecessor have signed. And two, an auto industry in full scale crisis.

Nevertheless, the economic slump has created greater human need.

Today, we have more vulnerable citizens who need health care, we have more families who are struggling. In addition, we also have more young people to educate and more criminals to keep in prison. And we are transforming a struggling economy, all with 30 percent less revenue than we had just seven years ago.

This crisis affects all of us. How we solve it will determine the quality of our schools, the safety of our neighborhoods, the cost of college, our ability to attract and create jobs...everything that is important.

My economic team and I are working around the clock to deal with this situation. We are consulting experts, both inside and outside of government and looking at every option.

I've asked former Governors Bill Milliken and Jim Blanchard to convene a group of experts to look at this situation, as well, and offer their advice. This panel is made up of

Republicans and Democrats who have over 360 years of combined experience and their insights will be a welcome addition.

Dealing with this situation will require bi-partisan consensus and cooperation. I am hopeful that the tone set by this group of distinguished leaders who were willing to give of their time and talent will set the tone for the debate over how we proceed.

In the coming weeks, you will hear more about this crisis and my plan to address it.

In early February, my State of the State Address and budget presentation will lay out my vision for Michigan and how we solve this crisis. I intend to make our state a place where the opportunity to live a good life exists for all of us.

Thank you for listening.