2022 BUDGET PRIORITY: ADDRESS THE RACIAL, ETHNIC AND SOCIAL JUSTICE IMPACT OF STATE BUDGET AND TAX DECISIONS

LEAGUE RECOMMENDATION:

To address the stark racial, ethnic and economic inequities that were vividly exposed by the COVID-19 crisis, elected officials in Michigan must commit to adopting tax policies and budgets that increase equity. Because we cannot fix what we do not fully understand or track, state departments must aggressively collect and publish data that is disaggregated by race, ethnicity and income, and use that data when adopting tax policies and balancing the state budget.

BACKGROUND:

Through its Kids Count project, the League documents outcomes for children and their families, including inequities based on race, ethnicity and place. For every negative outcome there is a backstory—a history of systemic barriers that have excluded families and children of color from many of the traditional pathways to good health and economic opportunity.

State budgets are not “colorblind,” even if their disproportionate impact is unintended. How lawmakers divide up the state budget has the potential to enrich or hinder children’s development and learning, create or limit economic opportunities, and protect or threaten public health and safety.

Budget and tax decisions that ignore the history of public policies and practices that limited the employment and housing options of Michiganders based on race, ethnicity and zip code will not address equity. Among those are housing discrimination, the impact of redlining on home ownership, segregation in public schools, differences in educational quality

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Source: Michigan Department of Health and Human Services and Kids Count Data Center
and opportunity, racial discrimination in the workplace, and inequities in the ability to accumulate wealth and assets.

The COVID-19 public health crisis, which sparked a serious economic crisis for so many Michigan families, is a stark example of the outcomes associated with the state’s historical and ongoing failure to address equity in public policy and budgeting. Michigan was one of the first states to report on racial disparities in COVID-19 cases and deaths, and the data were alarming. Black Michiganders represent 14% of the state’s population, yet accounted for nearly one-third of initial COVID-19 cases, and 41% of related deaths.

The work of Gov. Whitmer’s Coronavirus Task Force on Racial Disparities helped to identify the causes, which included the reality that Black Michiganders are more likely to be essential frontline workers, and once exposed were more likely in housing arrangements that exposed larger numbers of household members. Within the healthcare system, many faced barriers to testing and necessary treatment. Once there was data showing the inequities for families of color, targeted policies like easy access to testing could be adopted to mitigate the barriers.

Other stark examples of inequitable state spending include Michigan’s history of failing to recognize the added costs of teaching children who live in high-poverty neighborhoods—largely the result of housing and employment discrimination—and its history of providing grossly inadequate funding for programs that meet children’s basic needs, despite very high and unacceptable levels of poverty for children of color.

**WHY DOES IT MATTER?**

**Policies that perpetuate inequities based on race, ethnicity and place will have a lasting impact on generations to come.**

The earliest years of life affect children’s long-term development and success, yet little attention has been paid to the impact of national and state policies that have shaped the neighborhoods and opportunities of children of color. Children of color in Michigan are more likely to live in poverty, be born too early, die in the first year of life, have poor nutrition and untreated health conditions, attend struggling schools, and live in homes where they are exposed to damaging environmental toxins.

**Michigan’s economy will not prosper unless all Michigan residents have an opportunity to succeed.** Michigan’s growing diversity is its strength and can help fuel economic growth now and into the future if every child and every resident is able to meet his or her potential. Investments in the workforce and in talent must be driven by the goal of equity if Michigan’s economy is to thrive.