



WEEKLY Update

5 takeaways from Whitmer's State of the State; From tax cuts to in-person classes

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Gov. Gretchen Whitmer called for in-person classes in Michigan schools, targeted tax cuts and lowering costs during her fourth State of the State address on Wednesday, a speech that focused on unity during a pivotal election year.

Whitmer, whose own name will be on the ballot in November, spoke from Detroit Diesel in Redford Township, an engine manufacturer, emphasizing her efforts to improve the state's economy and focus on what she described as "kitchen table issues." She sought to draw differences between state government and the federal government, where President Joe Biden's approval rating has [slipped below 40%](#) in Michigan in recent months.

The first-term Democratic governor also attempted to counter attacks Republicans have made against her on education during the COVID-19 pandemic and rising prices on consumer goods. She laid out initiatives to boost funding for mental health, reduce taxes on retirement income and propose "the biggest state education funding increase in more than 20 years."

"The state of our state is strong," Whitmer said. "And it's getting stronger every day."

"We are doers, united against inaction," she said at the end of her speech. "Optimists, united against pessimism. Believers, united against cynicism. We fight for each other, not with each other."

"We come together to get things done. We are capable of greatness."



Whitmer's speech was unusual in its setting at a manufacturing facility, believed to be the first time a governor has delivered a State of the State address from outside Lansing in more than a century, a state archivist told the Associated Press. The speech marked the second straight year that Whitmer delivered remarks virtually instead of before a joint session of the Legislature due to the COVID-19 pandemic.

In its own statement on Wednesday, the Michigan Republican Party described the state of the state as "fragile." Michigan has [the highest unemployment rate](#) in the Midwest at 5.6%, noted Gustavo Portela, the state GOP's communications director.

"We need to return to sensible policies that help open our schools and keep our students in the classroom learning, we need to compete to bring jobs here not push them out of our state and we need a governor who will give our working class the relief they need with a real tax cut," Portela said.

A call for in-person classes

Whitmer delivered her strongest call yet for school districts to offer in-person classes during Wednesday's 26-minute speech, a request that came amid Republican pressure on the subject.

"I want to be crystal clear: Students belong in school," Whitmer said.

"We know it's where they learn best," she continued. "Remote learning is not as fulfilling or conducive to a child's growth. In-person learning is critical to social development and mental health. That's why we will do everything we can to keep kids in the classroom."

So far, her administration has generally left the decisions up to local districts during this school year after using broad restrictions earlier in the pandemic.

The wide majority of Michigan schools have been offering in-person instruction, but some, including Detroit Public Schools Community District and Flint Community Schools, have gone virtual in January amid spiking COVID-19 infection rates.

School officials have connected the decisions to staffing problems and a state law that ties funding to a requirement that 75% of students be in attendance.

Republicans have criticized Whitmer over the online only classes. The handling of education during the pandemic became a core issue in Republican Glenn Youngkin's upset victory in Virginia's 2021 gubernatorial race.

Eleven Republicans have formed committees to seek the GOP nomination to run against Whitmer in November. Their primary election will take place in August. One of the Republicans, businesswoman and conservative commentator Tudor Dixon of Norton Shores, blasted Whitmer, arguing the incumbent "can say she wants schools open ... but talk is cheap."

"Gretchen Whitmer is complicit in closing schools in our most vulnerable and needy communities," Dixon said in a statement.

In a statement Wednesday, the Michigan Education Association was quiet on Whitmer's comments related to in-person learning but applauded her plans to repeal the pension tax and "find solutions for the educator shortage."

"For the sake of our children's future, Michigan leaders must do more to attract and retain talented educators and school support staff — and that means increasing wages for starting and veteran educators, reducing our state's overreliance on standardized testing and respecting educators for the professionals they are," said Paula Herbart, president for the association.

The coming tax cut fight

A looming fight over how the state should handle multibillion-dollar budget surpluses also came into clearer view during Wednesday's speech.

Whitmer wants targeted tax cuts aimed at seniors and the low-income workers, while Republicans who control the state Legislature are seeking broad reductions in the corporate income tax rate and personal income tax rate.

Whitmer said she plans to repeal a 2011 change that took place under former Gov. Rick Snyder and that subjected additional pension income to the state's income tax. The Democratic governor said she wants to phase out the "retirement tax" "over the next few years," saving 500,000 households an average of \$1,000 a year.

"That's money for prescriptions, rent, car payments or gifts for grand kids," she said.

Some Republicans have voiced support for broadly easing taxes on retirement income. The details of the governor's plan will be key for them. If they view it as favoring pensions over other types of retirement plans, the GOP lawmakers might oppose it.

According to the governor's office, by the end of 2024, Whitmer's proposal would again exempt public pensions and restore deductions for private retirement income, including private-sector pensions, withdrawals from individual retirement accounts and the portion of a 401(k) retirement savings account that is subject to an employer match.

Whitmer also wants to restore the state's earned income tax credit to 20% of the federal credit, which benefits individuals and families with low to moderate incomes. It's currently 6% after being cut a decade earlier.

"Restoring the EITC lifts more than 22,000 people out of working poverty," she said.

Looking for harmony

Whitmer continued to stress her efforts to work across the aisle Wednesday night. The word "together" appeared 15 times in her speech.

"Tonight, I will stay focused on the things that unite us," she said at one point. "I'll speak to the progress we've made together, the opportunity we have right now, and why we all believe in Michigan."

The governor spoke of the bipartisan effort to create a \$1 billion economic development incentive program that helped lure a \$7 billion investment in Michigan by General Motors. The Detroit automaker unveiled the plans that are expected to create up to 4,000 jobs on Tuesday, a day before the State of the State address.

"I know at times our nation's capital feels hopelessly gridlocked, but at our state Capitol, Republicans and Democrats have shown we can come together to put Michiganders first," Whitmer said.

Sandy Baruah, president and CEO of the Detroit Regional Chamber, said the governor's opening remarks, promising to emphasize what unites people, telegraphed what was to come in the speech. "She has made the political decision, and frankly not a bad one in an election year, to focus on things that have broad appeal," Baruah said.

The governor didn't wade into ongoing debates over voting rights and gun regulations during her speech. She did briefly reference the fight over abortion.

"I'll veto any legislation that would take away their right to choose," she said.

Whitmer's efforts to promote bipartisanship fell on doubtful ears with Republican legislative leaders. Whitmer's ideas looked backwards at things already tried or started and did "little but celebrate other people's accomplishments," House Speaker Jason Wentworth said.

"Rising inflation, prescription drug costs and small businesses still trying to get back to full strength — these are all very real problems working families in Michigan face every day," said Wentworth, the Farwell Republican. "The people we represent need real solutions and leaders who can deliver results."

Election repercussions

Wednesday's speech came more than nine months before the November election, when voters will decide whether to give Whitmer a second four-year term. Her efforts to work across the aisle and focus on what she described as "kitchen table issues" will likely be at the center of her reelection campaign.

"I show up for every Michigan family," Whitmer said. "I want to keep delivering on the kitchen-table issues."

Biden, the Democrat in the White House, has been criticized for rising inflation rates and struggled to accomplish some of his top agenda items. There have been questions about whether frustration with the president could hurt Whitmer's reelection chances.

"We are all bearing the brunt of inflation," she said Wednesday. "You see it when you buy groceries or boots for your kids. We have made meaningful progress to lower costs, and we should build on that work now."

She specifically proposed a \$2,500 rebate for the purchase of an electric vehicle and in-home charging equipment and touted bipartisan legislation to cap the cost of insulin at \$50 a month.

"We all agree that insulin costs too much, and I know we can work together to hold drug companies accountable, lower costs and save lives," Whitmer said. "Let's get that done too."

Whitmer wants to portray herself as pragmatic and willing to work with Republicans, which independent and moderate voters love, said David Dulio, a political science professor at Oakland University. "There was also a big focus on bipartisan successes and possibilities," Dulio said. "One would never know that the governor's relationship with the Legislature has been as frosty as it has been.

"One would never know that there are so many complaints that Republicans and Democrats can't work together."

Whitmer and the Republicans who control the state Legislature have clashed over how to respond to the COVID-19 pandemic for much of the last two years. Those battles have included a successful GOP lawsuit that eliminated her emergency executive powers and a string of high-profile oversight hearings probing her administration's handling of nursing homes, unemployment claims and secret separation deals with appointees.

Mental health funding

Among her other policy plans, Whitmer said she wants to make "a historic investment to retain and recruit hundreds more mental health workers." She also said she wants every person in Michigan to have "access to the mental and physical health care that they deserve."

"I will propose another bold investment in mental health in next year's School Aid budget too, building on work we did last year to help schools hire more than 560 nurses, counselors, and social workers," the governor said.

She is calling for an expansion of the Michigan State Loan Repayment Program for behavioral health providers. The program currently helps employers recruit and retain primary medical, dental and mental health care providers by providing loan repayment to those entering into service obligations, according to its website.

Robert Sheehan, CEO of the Community Mental Health Association of Michigan, touted Whitmer's plan in a statement.

"Gov. Whitmer's proposals to close the behavioral health work force shortage through focused loan repayments, build upon and expand the capacity of Michigan's nationally recognized community mental health system, foster the sustainability of school-based mental health services and close the coverage gap are exactly the kinds of innovative proposals needed to advance mental health care in Michigan," Sheehan said.

Senate Majority Leader Mike Shirkey, R-Clarklake, has also prioritized mental health policy this session.

During an event Wednesday afternoon, he said "rampant mental health emergencies" were one of the pressing issues facing the state.