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Editorial: Whitmer's veto a blow to economy, bipartisanship

The Detroit News

Published 11:00 p.m. ET Dec. 29, 2020 | Updated 2:54 a.m. ET Dec. 30, 2020

Gov. Gretchen Whitmer's veto of \$225 million in COVID-19 relief funds is a blow to both bipartisan governing and the task of restoring jobs lost to her harsh shutdowns of the economy.

The package that was sent to Whitmer by the Legislature was negotiated between Republicans and Democrats, according to those involved in the negotiations.

In exchange for extending unemployment benefits to 26 weeks from 20, something Democrats wanted, it added the \$220 million to the state's unemployment trust fund, which is hurtling toward bankruptcy under the Whitmer administration's mismanagement.

The unemployment trust fund is funded by employers and administered by the state to provide a safety net for workers who are furloughed or lose their jobs.

When funding levels fall below certain thresholds, it triggers an unemployment tax increase on hurting employers — whether they laid anyone off or not.

The shore-up was necessary because the Unemployment Insurance Agency under Whitmer's watch has paid out "hundreds of millions of dollars" in fraudulent claims, according to an independent audit by Deloitte. The fund's health was also obviously worsened by the massive number of claims generated by Whitmer's unilateral closures of businesses in the spring and fall.

Along with issuing her veto Tuesday, the governor did not revoke her ban on indoor dining, which threatens the livelihoods of an estimated 250,000 hospitality workers.

Should the unemployment trust fund run out of money, the state will have to borrow money from the federal government, which employers will have to repay, along with interest. Employer assessments, based on their number of employees and layoff claims, will have to be raised to cover that debt.

"Employers should not have to pay for the massive layoffs that were not their fault, but the fault of the governor's extreme executive orders," says Rich Studley, CEO of the Michigan Chamber.

Whitmer characterized the Legislature's bill as a corporate tax break. That's ludicrous. First, the relief would have gone both to large employers and small businesses hit with lay-off claims. And it's hardly a tax break; it was intended to help avoid a tax hike.

Since the unemployment assessment is in part based on the total number of employees, a big increase in taxes this spring will serve as a disincentive for hiring new employees just as Michigan should be climbing out of the COVID-induced slowdown.

Whitmer sat on the bill for several days because, her office explained, she was not part of the negotiations. Her veto, then, seems to be yet another example of the governor's vindictiveness in dealing with the Republican-controlled Legislature.

The give-and-take among Democrats and Republicans produced a reasonable deal which benefited both employees and employers and provided relief where it was needed. Whitmer fired a cannon through it, which will make such bipartisan exercises more difficult in the future.

While vetoing state funding to help pay for the extension of benefits, she said she also wants Michigan's legislature to extend unemployment benefits from 20 to 26 weeks permanently. The combined message is obvious, if not so clearly stated: Let's tax struggling businesses even more.

Besides the disingenuous presentation, her veto also sets up a possible court fight. Republicans point out that the bill extending jobless benefits includes language that gives it effect only with the boost in the unemployment trust fund; the governor disagrees.

It was a foolish decision on the governor's part, and risks further damaging a state economy already reeling under her capricious shutdowns.

