



## Costly Union Worker Special Favor Barely Survives With Help of Two Michigan Republicans

BY KEN BRAUN

Even though the vast majority of American construction workers do not belong to a labor union, federal government policy discriminates against these workers when awarding government construction projects. An attempt to put a stop to this took place on Feb. 19 in the U.S. House of Representatives, but the attempt failed on a tie vote of 210-210. Two Michigan Republicans were amongst the 26 GOP “no” voters who could have broken the tie and won the vote for the “yes” side. All of the 210 “yes” votes were Republicans. The amendment had no Democrat support.

The two Republicans from Michigan that voted “no” were Candice Miller, R-Harrison Twp., and Thad McCotter, R-Livonia.

Frank Guinta, R-NH, introduced the amendment at issue as part of the federal budget showdown over the “Continuing Appropriations Act.” Guinta’s amendment proposed to put a halt to government construction

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Just One GOP Votes for Labor Monopoly

## TAXPAYERS' K-12 MONEY DIVERTED TO UNION BUSINESS

BY TOM GANTERT

Maryanne Levine is a full-time elementary school teacher with the Chippewa Valley School District who was elected to the Michigan Education Association board of directors. The district releases her from teaching responsibilities so that she can deal 100 percent with union issues. But Chippewa Valley still pays for \$103,807 of Levine’s \$145,117 total compensation. The union pays the remaining \$41,310.

Larry Schulte, another of the district’s full-time elementary teachers, is allowed to spend half of his time involved in union business. Chippewa Valley

pays \$104,480 of his \$125,135 total compensation. The union pays the remaining \$20,655.

Statewide, there are 39 school districts that paid teachers to work at least half their time on union activities, with 25 of those districts paying for full release time. These 39 districts combined to pay at least \$2.7 million to cover the costs of teachers who work on union business. Two weeks ago, the MEA sent a survey to its membership that included a request to seek approval to initiate a “work stoppage.” Teacher strikes are illegal in Michigan.

Michigan Capitol Confidential sent a Freedom

See “Money Diverted,” Page 8

COMMENTARY

## State Taxpayers May Eat \$1.6 Million Loan for Defunct Green Bus Company

BY TOM GANTERT

In September of 2009, Fisher Coachworks was mentioned in a press release from Gov. Jennifer Granholm as a “green technology” company that was part of the “new energy economy for Michigan.” Two years later, the state says Fisher Coachworks is out of business and the state has to write off \$1.6 million it loaned the electric bus manufacturing company.

Edgar Benning, general manager of Flint’s Mass Transportation Authority, said in an

See “Taxpayers May Eat Loan,” Page 9

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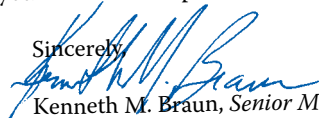
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## LOSING CONTROL OF GOVERNMENT?



BY JOSEPH G. LEHMAN

*Editor's note: The following is an edited version of the "President's Message" from the Summer 2011 issue of Impact, the quarterly newsletter for Mackinac Center members.*

**On June 28, before this article was originally published, the Michigan Supreme Court refused again to hear an appeal of the lower court decision on this case.**

Citizens will lose a powerful means of controlling their government if the Michigan Supreme Court allows a lower court decision to stand that limits access to public records. The flawed decision would conceal government employees' use of public resources for private gain, partisan politics or even illegal activity.

The Freedom of Information Act allows citizens to view what public servants produce with public dollars. Using FOIA, citizens can access almost all government records, including electronic documents such as emails.

Most of the time, FOIA is a quiet workhorse of public policy research and journalism. But sometimes it's at the heart of big news. Kwame Kilpatrick is now the former mayor of Detroit partly because he used public resources to document his misconduct.

The Michigan Supreme Court will consider a challenge to the Court of Appeals decision in Zarko v. Howell Education Association. The late Chetly Zarko was a citizen activist

who sought school emails to discover whether union officials illegitimately used public resources for lobbying.

Lower courts denied Zarko's access to the emails, redefining "public record" to exclude "unofficial business."

By definition, improper behavior is not official business, and that is the problem with the ruling. School districts are already citing the flawed decision to refuse our FOIA requests for emails planning teacher strikes. Teacher strikes are illegal in Michigan. If the current court ruling stands, the public will have no right to see whether school employees are using tax-funded email systems to plan illegal activity.

**A Mackinac Center FOIA request in April sparked a national debate over proper use of public university resources. We even were targeted by violent threats because of it.**

Not only is FOIA under attack in the courts, but some of FOIA's defenders are faltering. The legacy news media once vigorously defended the public's right to know what government is up to. But now some seem to favor limiting FOIA.

When the Mackinac Center requested Michigan State Police documents detailing the use of huge federal grants, the department billed us \$7 million, and some editorial voices accused us of asking for too much information. Months later when the ACLU asked the state police for other documents, the police billed the ACLU millions

of dollars. But this time, the professional journalists voiced outrage, and the police relented.

A Mackinac Center FOIA request in April sparked a national debate over proper use of public university resources. We even were targeted by violent threats because of it. Editors at The Washington Post, Lansing State Journal and elsewhere accused us of attempting to chill academic freedom. (They eventually published our full rebuttals once it was clear Wayne State University had indeed used public money for questionable purposes.)

Thankfully, the legacy media has not completely abandoned its support of FOIA. The Michigan Press Association joined the Mackinac Center in legal briefs arguing for reversal of the Zarko decision. It's a contest we must win if citizens are to retain a means of controlling their government. ■

*Joseph G. Lehman is president of the Mackinac Center for Public Policy. The original version of this story was posted online on Jun. 20, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15244](http://www.MichCapCon.com/15244).*

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# The \$39 Billion Bill for 'One of the Best Public Pensions Around'

BY KEN BRAUN

The first sentence of the official handbook produced by the state of Michigan for teachers and other public school employees says the following about their pension plan: “As a member of Michigan’s Public School Employees Retirement System, you are eligible for one of the best public pensions around.”

The handbook speaks an undeniable truth, supported by the evidence. As a recent analysis of MPERS produced by the Mackinac Center for Public Policy makes clear, Michigan’s public school employees receive several costly pension perks that are rare in the private sector and some that are even unheard of for employees hired to work for state government. The net result is to expose Michigan taxpayers to an unfunded liability which — by one estimate — may exceed \$39 billion for both the public school and state employee retirement systems. (For comparison: Excluding federal funding, all of Michigan government now spends roughly \$26 billion per year.)

The retirement benefit provided by MPERS is a conventional defined-benefit pension, as opposed to the modern 401(k)-style defined contribution personal retirement plans offered by most employers that provide retirement plans. For Michigan taxpayers, the difference between the two is critical.

Conventional pensions promise public employees constitutionally protected retirement payments in the future and rely upon politicians and government financial planners to make the payments and invest the money wisely enough to meet that future promise. If the politicians, the bureaucrats or the financial markets don’t behave, it is the

taxpayers who are on the hook to make up the difference.

As one example of potential future problems with this, consider that MPERS currently operates on the assumption that its investments will return 8 percent per year — a highly dubious assumption given the volatile U.S. stock market over the previous decade. Reducing that assumption by even two percentage points can add billions to the bill being tallied up for tomorrow’s taxpayers.

**The net result is to expose Michigan taxpayers to an unfunded liability which — by one estimate — may exceed \$39 billion.**

The Mackinac Center report states that future Michigan taxpayers already face an estimated outstanding unfunded liability of nearly \$12 billion for MPERS.

By contrast, most American employers have found 401(k) retirement plans to be both more predictable and more affordable. The 401(k) contributions are made to employee accounts as they are earned, leaving the employee to select the investments and bear the responsibility for the results. Unlike a conventional pension, it places no future obligations on the employer: Control of the money and the investment decision is immediately placed in the hands of the worker.

The conventional pension plan for most of Michigan’s state government employees was ended by the state Legislature and then Gov. John Engler in late 1996, and most state employees hired in the 14 years since were placed in a new 401(k) system. Intense and ultimately successful lobbying

from the public school employee unions blocked an attempt by lawmakers to make a similar reform for MPERS.

Unlike the \$12 billion MPERS liability for a plan that continues to add new members every day, the pension plan still serving state employees hired before 1997 is mostly closed and for the most part not adding future liabilities on the taxpayers. It currently has a much smaller unfunded liability of just over \$3 billion.

The Mackinac Center report refers to Engler and Michigan lawmakers as “visionary” for their decision to close the state employee pension plan and convert it to a 401(k) plan. And while it was unique for a state government to take such a bold step at that time, the report points out that it was not so bold in comparison to what is reported for private-sector trends: “Also of note, between 1985 and 2010, the percentage of Fortune 100 companies that offered traditional defined benefit pension plans to new hires fell from 89 percent to 17 percent.”

But the unique nature of the MPERS plan doesn’t stop with retirement payments. And neither does the peril for future taxpayers. There are other perks, most notably a retirement health care benefit that is funded on a pay-as-you-go basis. The Mackinac report estimates that unless the statute authorizing these benefits is amended, future taxpayers will be on the hook for between \$16.8 and \$27.6 billion — even greater than the actual retirement benefit itself.

Unlike the retirement pension payments, which are guaranteed by the state constitution once an employee is allowed to enter the system, Michigan courts have ruled that the MPERS retiree health care benefit can be modified by lawmakers if they are

See “\$39 Billion Bill,” Page 6

## ‘Big Oil’ Props Up Michigan’s Teacher Pensions

BY TOM GANTERT

As gasoline prices trend north of \$4 per gallon, a new study released by an oil industry lobbying firm asserts that Michigan’s stressed public pension plans are some of the biggest beneficiaries of investments in oil and natural gas companies. The study says that between 2005 and 2009, oil and gas investments represented 4.8 percent of total state government pension fund assets, yet produced 12.2 percent of the investment gains earned by those plans.

The study looks at the Michigan Public School Employees’ Retirement System (MPERS) and the Michigan State Employees’ Retirement System (MSERS). Together they have unfunded liabilities totaling about \$15 billion.

The state employee pension system was closed off to most new hires in 1997. Most state employees hired since then were put on a modern 401(k)-style retirement plan similar to what many private-sector employees have. This has limited the growth of the MSERS liability, which accounts for \$3.13 billion of the total \$15 billion unfunded liability.

The school employee pension system accounts for \$11.98 billion of the unfunded liability. All public school employees are still granted conventional defined-benefit pensions.

An unfunded pension liability means that if the system shut down today, the state does not currently have the \$11.98 billion necessary to meet all of the outstanding obligations for the MPERS pension benefits. To place this in context, the current state government budget is about \$47 billion.

The new oil industry report states that these two state government pension plans had \$2.5 billion invested in oil and natural gas companies, out of a combined \$52.8 billion in total assets.

“You want to know who owns these companies?” asked John Griffin, a spokesman for the American Petroleum Institute. “It’s not the fat cats. ... Basically, we are working for retirees.”

As of September 2009, Michigan’s employee retirement systems had two big oil companies in the top-15 equity investments. Apple, Inc. was the No. 1 investment, with a market value of \$423 million. Exxon-Mobil Corp was No. 8 at \$214 million and Chevron Crop was No. 12 at \$186 million.

“Every dollar that grows in these investments is a dollar taxpayers don’t have to fork over to these underfunded pension systems,” said James Hohman, a fiscal policy analyst for the Mackinac Center for Public Policy. “We want to have a high return, and that means taxpayers aren’t on the hook for these pension payments.”

The state of Michigan paid about \$1 billion in 2010 to catch up on these unfunded liabilities.

The study was done by Robert Shapiro, chairman and co-founder of Sonecon LLC, and Nam Pham, managing partner of NDP Group LLC.

*Note: The unfunded liabilities cited above refer only to constitutionally mandated “accrued benefits,” and not retiree health insurance benefits authorized by state statute, which may be amended. ■*

The original version of this story was posted online on Apr. 26, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/14966](http://www.MichCapCon.com/14966).



# Politicians May Prop Up – But Not Reform – ‘One of the Best Public Pensions Around’

BY TOM GANTERT

James Hohman says if state legislators are not careful, they could be wasting \$160 million of the unexpected state government surplus for the benefit of the Michigan Education Association and other school unions. The fiscal analyst for the Mackinac Center for Public Policy is referring to the \$160 million that Gov. Rick Snyder announced would be used to help school districts pay for retirement costs of employees.

Details haven't been released yet in the state budget deal that was approved late Thursday afternoon. But Hohman said it's important to watch how the state uses that \$160 million with the troubled Michigan Public School Employees' Retirement System (MPERS). Not only does the school employees' pension have an unfunded liability of nearly \$12 billion, but districts' contributions will rise from 20.66 percent of total district payroll this year – and to 24 percent next year – just to cover the cost of the retirement plan and its extraordinary (by private-sector standards) health care benefit for retirees.

The contribution rate is paid by the district on top of employee salaries.

If state legislators use the \$160 million to help school districts cover their increased payments to MPERS, that would just free up more money for schools to pay for raises and cover more of the employee's health care costs, Hohman said.

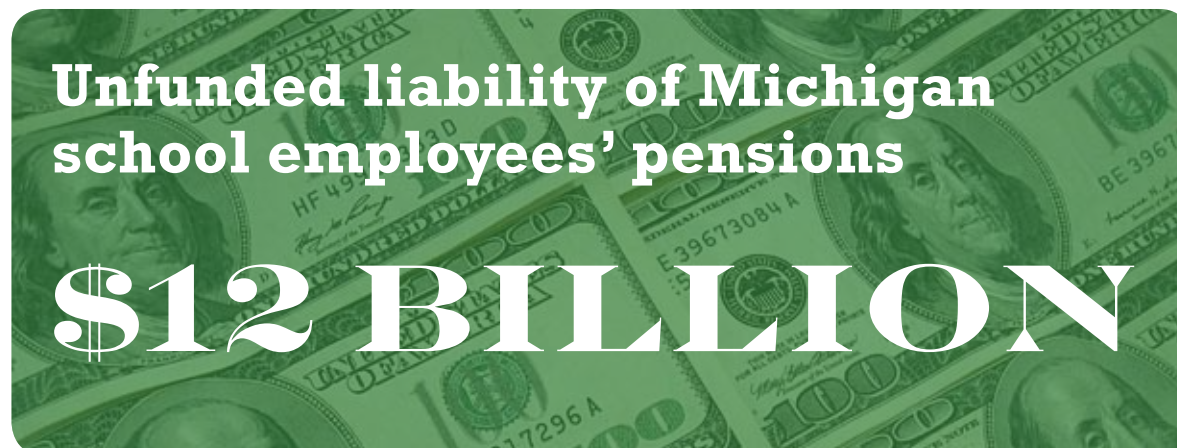
The average Michigan employer that provides a health care plan requires that

employees kick in at least 21 percent of the premium cost, according to the Kaiser Family Foundation. Yet more than half of Michigan's 549 school districts do not require teachers to pay a percentage of the premium. And many that do require a percentage contribution require well under 10 percent.

"These things increase costs for education at a time when schools need to fix the problems that continually require more cash," Hohman said.

Hohman says the school employees' pension plan has to be changed from a defined benefit, which pays out an annual pension in retirement, to a defined-contribution 401(k)-type plan.

State officials have said that a switch would mean the state would have to come up with about \$200 million due to changing accounting practices. They would prefer to defer paying that cost until the future. Hohman said he'd like to see the \$160 million used to pay the transition to a 401(k) plan. Hohman said that those payments ought to be made sooner rather than later and that



there will be substantial savings from a defined-contribution plan over time.

Defined-contribution 401(k)-type plans are easier to budget, Hohman said. For example, in 1997, the state switched most state employees in the Michigan State Employees Retirement System (MSERS) from a defined-benefit pension to a defined-contribution 401(k)-style plan. Hohman said in those 14 years, the state has not adjusted its contribution rates.

At least one politician agrees that a change needs to be made.

"I don't think there is any doubt that this is the way it should be," said State Rep.

**While they are standard operating procedure for Michigan's public school employees, conventional pensions and health care policies for retirees who no longer provide services are rare fringe benefits for the majority of the American workforce. The state's handbook for MPERS refers to it as "one of the best public pensions around."**

David Agema, R-Grandville. "The defined-benefit pension is just eating us alive, and it is something we can no longer afford."

In a conventional defined-benefit pension plan, schools put money aside each year to finance a projected annual retirement income. The problem is that with MPERS, not enough money has been put aside to meet projected future payouts. The unfunded liability for pensions is \$11.98 billion. The unfunded liability for public school retiree health care and other benefits ranges from \$17 billion to \$28 billion, according to state actuary reports.

Retiree health care is a different benefit than the health care plan offered to current employees who still provide services to the district.

While they are standard operating procedure for Michigan's public school employees, conventional pensions and health care policies for retirees who no longer provide services are rare fringe benefits for the majority

of the American workforce. The state's handbook for MPERS refers to it as "one of the best public pensions around."

For large American firms that have a health care insurance plan, just 28 percent behave like MPERS and also provide health care to retirees, according to the Kaiser Family Foundation. This number has plummeted from a high of 66 percent in 1988. For smaller firms – defined as those with fewer than 200 workers – retiree health care has almost vanished: Just 3 percent offer it.

Likewise, a recent Mackinac Center for Public Policy analysis of MPERS notes that conventional pensions are also vanishing from the private sector: "[B]etween 1985 and 2010, the percentage of Fortune 100 companies that offered traditional defined-benefit pension plans to new hires fell from 89 percent to 17 percent." ■

*The original version of this story was posted online on May 20, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15072](http://www.MichCapCon.com/15072).*

## UNION SPECIAL FAVOR

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contracts that require a “project labor agreement.” A PLA artificially restricts the number of contractors who may bid on a public construction job so that only firms with unionized workers may apply. A study commissioned by the federal government has shown that PLAs can increase costs to taxpayers by almost 10 percent, while other recent research has shown that the added cost may be well above 10 percent.

“Project labor agreements are basically just a mechanism to cut off non-union competition,” said Paul Kersey, director of labor policy at the Mackinac Center. “They do nothing to improve quality of workmanship or labor peace on the job site.”

The effect of the federal PLA requirement is to exclude 86 percent of the construction workforce from bidding on government contracts. The U.S. Bureau of Labor Statistics reports that less than 14 percent of U.S. construction workers belong to a union.

“This vote was an attempt to level the playing field and give all workers equal treatment,” said F. Vincent Vernuccio, labor policy counsel for the Competitive Enterprise Institute. “It was to prohibit the federal government

from expending funds favoring unions over the vast majority of other workers.”

CEI has created a “Labor Scorecard” for the U.S. House of Representatives. The purpose of it is to track votes on “pro-worker legislation,” according to Vernuccio. So far for the 112th Congress, there are three votes being scored on the site, with U.S. Reps. McCotter and Miller voting against all three of the pro-worker positions identified by CEI.

The pair were “reacting to a special interest within their congressional district,” namely labor unions, says Vernuccio when asked how Michigan ended up with two of the 26 Republicans to vote with the Democrats. He believes PLA votes will come up again in the near future with other budget bills and other votes on labor reform.

McCotter and Miller are the only GOP representatives from Michigan to earn an “F” on the CEI labor scorecard to this point. All of the Michigan Democrats are currently scored as an “F”

Three Michigan Republicans are currently scored as an “A+,” having voted CEI’s pro-worker position on all three votes. They are Justin Amash, R-Grand Rapids; Dan Benishek, R-Crystal Falls; and Bill Huizenga, R-Zeeland.

“It is disappointing that any member of congress would cast a vote to tolerate wasteful spending and discrimination on the basis of

**The pair were “reacting to a special interest within their congressional district,” namely labor unions, says Vernuccio when asked how Michigan ended up with two of the 26 Republicans to vote with the Democrats.**

whether businesses and workers affiliate with a labor organization,” said Chris Fisher, president of the Associated Builders and Contractors of Michigan, when asked about the votes of Miller and McCotter. ABC is a national construction industry trade group that represents “merit-shop” or non-union building contractors. They are a strong proponent of abolishing PLAs.

“Instead of government picking winners and losers, all citizens deserve equal opportunity to work on projects funded by their tax dollars,” said Fisher. “Unfortunately, special interest handouts for union-only PLAs were put ahead of workers, businesses and taxpayers.”

Leon Drolet, chairman of the Michigan Taxpayers Alliance, was particularly blunt regarding the pair of Republicans and what he believes was their attitude toward taxpayers with this vote.

“I hope they got their 30 pieces

of silver,” he said.

The offices of Miller and McCotter each received two email requests for comment but did not respond.

Joe Casey, president of the New Hampshire Building Trades Council, a labor union in the home state of Congressman Guinta, opposed the amendment.

“It is a business model that offers increased job site efficiencies through a steady, local supply of the safest, most highly trained and productive skilled craft work force known to mankind — a work force developed through almost a billion dollars a year in private investments in apprenticeship training programs nationwide that, in turn, develops a work force that commands pay and benefits that are reflective of their skill and productivity levels (which numerous and rigorous academic studies have shown actually reduces costs for public agencies),” he wrote of PLAs in a recent newspaper column criticizing Guinta. “And, let’s not forget, those higher pay rates contribute to a more sound local tax base — not to mention the health of local small businesses like car dealerships, restaurants and retail stores.” ■

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## \$39 BILLION BILL

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willing to require higher co-pay costs from retirees, later vesting periods or other cost-saving options.

Because of its cost, offering a health care benefit to a retiree that has left the workforce is an exceedingly rare employment perk, particularly considering that the federal Medicare plan is already in place to provide this to Americans who reach retirement age. Looking at large companies that provide health care to current workers, the Kaiser Family Foundation reports that just 28 percent of them also offered health care to retirees in 2010; this was down from 66 percent in 1988. For businesses of less than 200 employees, just 3 percent offer such a benefit.

Yet for government workers, Kaiser reports that the number is still 87 percent.

In addition to having “one of the best public pensions around,” Michigan’s school teachers have regularly been amongst some of the nation’s highest paid.

In terms of GDP per capita, Michigan has recently become one of America’s 10 poorest states. ■

*The original version of this story was posted online on May 6, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15009](http://www.MichCapCon.com/15009).*

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# Just One Michigan Republican Votes for Labor Union Monopoly Over Government Construction Work

BY KEN BRAUN

Big Labor bosses seeking protection from non-union competition on government construction jobs had a two-front fight going on last week in both Washington, D.C., and Lansing. Votes to determine the fate of project labor agreements occurred in both the Republican-controlled U.S. House of Representatives and the GOP-dominated Michigan Senate. When it was all over, a total of 34 Republican lawmakers from Michigan had cast votes on these legislative battlefields, and just one voted on the side of the labor unions to protect PLAs: Congressman Thad McCotter, R-Livonia.

“A PLA is little more than a mechanism to put non-union construction companies at an unfair disadvantage, and steer government work to unions,” said Paul Kersey, director of labor policy for the Mackinac Center for Public Policy. “If a company wants to bid on a contract, it has to have an agreement with the local unions. Obviously that puts non-union companies in a difficult position.”

According to the U.S. Bureau of Labor Statistics, less than 14 percent of the U.S. construction workforce is unionized.

PLA’s “drive up the cost of construction projects by reducing competition and implementing the inefficient ‘union-only way’ of doing business,” says the Associated Builders and Contractors of Michigan, a trade association for “merit shop,” or non-union, contractors. ABC also notes that 75 percent of the construction workforce in Michigan does not choose to belong to a union and that

Michigan taxpayers pay up to 20 percent more for government construction costs because of PLAs.

On Thursday, June 16, the Michigan Senate voted 26-12 in favor of Senate Bill 165. According to a news release from the bill’s sponsor, Republican Sen. John Moolenaar of Midland, the proposal would prohibit PLAs in “all public construction contracts using tax dollars.”

**...34 Republican lawmakers from Michigan had cast votes on these legislative battlefields, and just one voted on the side of the labor unions to protect PLAs: Congressman Thad McCotter...**

The vote was strictly along party lines, with all 26 members of the GOP Senate supermajority voting for the bill and all 12 Senate Democrats voting against.

“Members of the Senate are sending a clear message that they realize that it’s wrong to pick winners and losers based on status instead of merit,” said ABC of Michigan President Chris Fisher in a news release after the vote. “Anti-competitive, government-mandated PLAs are special interest kickback schemes that prevent open, fair and competitive bidding on construction projects.”

ABC expects that the bill will win quick approval in the Michigan House and move to the governor for his signature. But for federal construction projects, it was a different story last week in the GOP-controlled U.S. House.

A 2009 executive order issued by President Obama directs that PLAs be used for federal construction projects. Congressional Republican budget writers are opposed to this policy and last month inserted an exception to it into a budget that spends money on military construction projects, effectively stating that PLAs could not apply to projects covered by that budget.

This was done in a committee, but the committee’s work would not survive. When the military construction spending bill went to the full House for approval last week, another Republican — Congressman Steve LaTourette of Ohio — submitted a proposal to undo the work of his fellow Republicans on the budget committee. He introduced an amendment to put the president’s PLA requirement back into the legislation.

While 202 Republicans did not vote for LaTourette’s amendment, 26 other Republicans did vote with him to reinstate the President’s policy requiring PLAs. With all but one of the Democrats in the chamber voting with Big Labor to support the LaTourette amendment, it succeeded by just a single vote: 204-203. If any of the 27 Republicans voting for the bill had changed their vote or not voted, the amendment would have failed and the president’s PLA requirement would not have applied to this budget bill.

One of the 27 was Congressman McCotter. He did not respond to an email seeking comment regarding his vote.

This is the second time this year that Rep. McCotter has been on the deciding edge of a vote that promoted PLAs on government projects. In February, another amendment to a different budget would have banned the use of PLAs on federal construction projects. That proposal failed on a 210-210 tie vote. Once again, there were 26 Republicans — including McCotter — standing with Democrats to defend the president’s policy of keeping the PLA requirement in place.



In addition to McCotter, fellow Michigan Republican Candice Miller of Harrison Township also voted with Democrats to protect PLAs during the February amendment. However, on this most recent vote in June, Rep. Miller sided with the majority of Republicans and in opposition to PLAs.

(Michigan Capitol Confidential also reported on that earlier PLA vote. Please see the cover story of this print edition).

The Competitive Enterprise Institute maintains a “Labor Scorecard,” which it calls the “only real time congressional voting scorecard devoted to analyzing Congress’ labor record from a free-market perspective.”

With the exceptions of Reps. Miller and McCotter, every Republican member of the Michigan delegation currently receives a C+ grade or better on the Labor Scorecard, with three getting perfect scores. Rep. Miller’s grade is a D+, with 44 percent, and Rep. McCotter is scored as a D, with 22 percent. All of the Democrats score zero, having voted each time against what CEI calls the “pro-worker” position.

One Republican member of the Michigan delegation with a perfect score is Congressman Bill Huizenga of Zeeland, but he was not in the chamber to cast a

vote last week on the PLA matter. When contacted by Michigan Capitol Confidential about the absence, Huizenga’s office stated that he was detained by a meeting with constituents during the vote, but that he would have remained consistent with his earlier position as an opponent of the president’s PLA policy.

Shortly after the vote, he also entered a statement into the Congressional Record making this point. Nine other Republicans missed this vote. Like Huizenga, Michelle Bachmann of Minnesota also voted against PLAs in February but missed the vote last week. A presidential candidate, she missed the vote because she was attending a debate.

“Project Labor Agreements drive up the cost of government contracts, waste taxpayer dollars and limit competition,” said a Huizenga statement released to Michigan Capitol Confidential last week. “PLAs are special interest schemes that cost jobs and use antiquated rules that provide no benefit to the general public.” ■

*The original version of this story was posted online on Jun. 23, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15279](http://www.MichCapCon.com/15279).*

## MONEY DIVERTED

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of Information Act request for the details of the arrangements between school districts and their local union officials.

Taylor School District pays Jeffrey Woodford \$96,419 in total compensation and allows him to spend 75 percent of his time on union business. The other 25 percent of the time he teaches at Truman High School. Linda Moore is a middle school science teacher in Taylor with \$88,016 in total compensation, and she is allowed to spend 50 percent of her time on union business.

**These 39 districts combined to pay at least \$2.7 million to cover the costs of teachers who work on union business.**

The superintendents at the Chippewa Valley and Taylor districts didn't return messages seeking comment regarding why the district would subsidize the cost for union-related activities.

Michael Van Beek, director of education policy at the Mackinac Center for Public Policy, said the cost is two-fold for districts.

"Taxpayers pay twice when districts grant unions these privileges," Van Beek wrote in an e-mail. "They've got to foot the

bill for the union boss' pay and for the pay of somebody else to actually teach while the union boss enjoys release time. It's an arrangement that has no positive impact for students, parents or taxpayers."

Not all districts absorb the cost of teachers with union responsibilities. In the Dearborn Public Schools, the union pays for 100 percent of the cost.

But other districts pay the entire salary. Troy paid its union official \$139,340 in total compensation, which includes salary, benefits and retirement contributions.

Troy School District spokesman Jasen Witt said the district pays for the union representative because it was included in the union contract "decades ago."

"Given its current status as a collectively-bargained benefit for the union membership, any change to this provision is subject to the collective bargaining process," Witt wrote in an e-mail.

Leon Drolet, chairman of the Michigan Taxpayers Alliance, said districts paying teachers to do union work is similar to a cozy relationship between municipalities and unions. He said many municipalities are charging taxpayers for the expense of collecting property taxes. Yet, many municipalities will provide unions the benefit of taking out union dues from employees' paychecks at no cost.

"They have no problem gouging taxpayers for every penny they can extract, but there is nothing they won't do for free for the union bosses," Drolet said. "Why is it? Most school boards know who they work for. They work for the union. ... They are the ones that control the elections. They have plenty of money to spend on union organizing stuff. But when it comes to the students, 'Oh. No. We don't have anything left.'" ■

*The original version of this story was posted online on Mar. 29, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/14819](http://www.MichCapCon.com/14819).*

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## SENATE GOP SAYS THREE UNPAID PARKING TICKETS IS VALID REASON TO HOLD UP DRIVER LICENSE RENEWAL

BY TOM GANTERT

For the second time in two years, the Michigan Legislature is trying to crack down on parking ticket scofflaws. The Senate passed a bill Thursday that would put a hold on driver's license renewals if the motorist had three unpaid parking tickets. Currently, it takes six unpaid parking tickets to have an operator license put on hold. It costs \$45 to have the hold removed.

The Senate passed Senate Bill 130 on a mostly party-line vote of 26-12, with most Republicans voting to impose the new three unpaid ticket standard and most Democrats voting against.

Senators Roger Kahn of Saginaw, Mike Nofs of Battle Creek and Tory Rocca of Sterling Heights were the only Republicans voting against changing the standard to three unpaid tickets.

The only Democrats to vote in favor of dropping the standard from six to three tickets were John Gleason of Flushing, Hoon-Yung Hopgood of Taylor, and Virgil Smith of Detroit.

"This is part of a pattern in which political elites inexorably tighten the screws on families and private businesses, but cut breaks for other arms of the government establishment and for government employees," said Jack McHugh, the legislative analyst for the Mackinac Center for Public Policy, in an e-mail.

Senator Dave Hildebrand, R-Lowell, sponsored the bill and didn't respond to an e-mail or phone message seeking comment.

The bill analysis states that the city of Grand Rapids is owed more than \$3 million in past-due parking fines and the city of Detroit has about \$30 million in unpaid parking fines. The bill now moves to the House of Representatives. Driver's licenses are renewed every four years in Michigan.

According to the Michigan Secretary of State, there were 5,803 holds put on driver licenses from March 2009 to March 2010.

Last year, the House passed House Bill 4726 which would have also reduced from six to three the number of unpaid parking tickets required to have a hold put on renewals. However, the Senate rejected it by a 23-14 vote. ■

*The original version of this story was posted online on May 28, 2010. It is available with hyperlinks and more info at [www.MichCapCon.com/15105](http://www.MichCapCon.com/15105).*



# House Votes to End Taxpayer-Financed Union Negotiators

*Democrats and three GOP vote against ending the policy*

BY TOM GANTERT

In the Troy Public School District, a teacher whose total compensation tops \$139,000 is paid by the district to do union business. There are 39 other school districts that have similar arrangements and these cost taxpayers \$2.7 million.

House Bill 4059 would end that practice. It passed the state House of Representatives on a vote of 59-47 this week. All Democrats and three Republicans voted against the bill.

The Republicans voting with Democrats against the bill were Reps. Ed McBroom, R-Vulcan; Paul Muxlow, R-Brown City; and Dale Zorn, R-Ida.

The bill still needs to be passed by the state Senate and then signed by the governor to become law. It is sponsored by Rep. Marty Knollenberg, R-Troy.

“Paying someone with taxpayers’ dollars to negotiate against the taxpayer – it makes no sense,” said Rep. Dave Agema, R-Grandville. “It’s an abuse of taxpayers’ dollars by one of the wealthiest unions in the state.”

Doug Pratt, spokesman for the Michigan Education Association, didn’t return an email seeking comment.

Some of the agreements are in union contracts. The bill wouldn’t impact those arrangements until they expired. But the union officials couldn’t be paid by taxpayer dollars in future agreements.

Michigan Capitol Confidential highlighted the practice of paying teachers to not teach and work on union issues in a March 29 story. ■

*The original version of this story was posted online on Apr. 16, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/14916](http://www.MichCapCon.com/14916).*

# FLINT LOSES OUT ON \$1.1 MILLION ‘GREEN ENERGY’ BUSES — NOW WANTS \$2.5 MILLION VERSION

BY TOM GANTERT

Flint, a city where more than half the children live below the poverty level, lost out on a pair of \$1.1 million electric buses that the federal stimulus program would have paid for when the “green technology” company making them went out of business. So now, the head of the Flint bus authority says they are trying to get a new hydrogen-powered bus that comes with a \$2.5 million sticker price, more than eight times the cost of a traditional diesel bus.

Ed Benning, general manager of Flint’s Mass Transportation Authority, said in an email that MTA has been discussing purchasing as many as two hydrogen buses from UTC Energy in Connecticut. He said they hoped the \$2.2 million stimulus grants could still be used.

Benning also said that MTA has a design-build contract for an alternative fuel facility that will be built over the next 12 months and that the fueling facility would produce hydrogen for two vehicles and also provide fueling for compressed natural gas and propane vehicles.

“We have not ruled out electric as a possibility, but the weight of the vehicles and recharging requirements are a concern at this point,” Benning said.

He said MTA hasn’t had a bid put in for the hydrogen bus as of yet and that they could purchase a used hydrogen bus for as much as \$1 million. A typical diesel bus

**...Fisher Coachworks of Troy — the maker of the ‘green’ buses — went out of business... The state will also have to write off a \$1.6 million loan it gave Fisher Coachworks.**

costs about \$300,000.

In September 2009, then-Michigan Gov. Jennifer Granholm trumpeted the state receiving \$2.2 million from the American Recovery and Reinvestment Act to be spent on the “green” Flint buses as part of a new “energy economy for Michigan” that would create jobs.

Officials of Flint’s Mass Transportation Authority have said in the past that they hoped to have the two electric buses up and running as early as April 2009.

But Fisher Coachworks of Troy — the maker of the ‘green’ buses — went out of business, according to the Flint MTA and state of Michigan officials. The state will also have to write off a \$1.6 million loan it gave Fisher Coachworks.

“I’m picking up the pieces and putting them back together,” said Benning, who was named general manager on May 26. ■

*(See related story on page one)*

*The original version of this story was posted online on Jun. 20, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15262](http://www.MichCapCon.com/15262).*

# TAXPAYERS MAY EAT LOAN

*from Page One*

email that Fisher Coachworks went out of business in the development phase of making two \$1.1 million electric buses that Flint was going to purchase with grants from the American Recovery and Reinvestment Act, commonly referred to as the “stimulus plan.”

Fischer Coachworks officials could not be reached for comment.

Michael Psarouthakis, vice president of business acceleration for the Michigan Economic Development Corp., said Fisher Coachworks would not repay \$1.6 million in loans it had received from the state. The MEDC had approved Fisher Coachworks for a \$2.6 million loan, but never gave out the final \$1 million because the company was struggling, Psarouthakis said.

“It was clear that they were going to have some serious financial difficulties even with our funding,” Psarouthakis said. “They needed significant funding above and beyond that.”

James Hohman, assistant director of fiscal policy at the Mackinac Center for Public Policy, said some green energy companies wouldn’t make it without government aid.

“Granholm opened the floodgates for any green business to get state money,” Hohman said. “This is her legacy. I think it is an important piece of the legacy that the businesses you are picking to win and whose business plans you support with state tax money wind up being big losers. That says some of these green energy business plans are likely to be facades held up with state support.” ■

*The original version of this story was posted online on Jun. 20, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15261](http://www.MichCapCon.com/15261).*

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# School District Admits 'Big Mistake' Over 'Get Rid of Snyder' Phone Alert

## *District apologizes for robocall that may violate state campaign finance act*

BY JACK SPENCER

A public school district in Michigan has used its phone alert system to point voters toward the recall effort against Gov. Rick Snyder. In early June, shortly after the Snyder recall reached the petition-gathering phase, the alert system for Lawrence Public Schools sent out the following robocall to residents of the district:

"This is a message from the Lawrence Public Schools (inaudible) alert system. This is an informational item and not directly associated with the school. Concerned parents interested in cuts to education . . . we're here to inform you that there is information about the problem. Also, be advised that there is a petition to recall Governor Snyder. If you want, stop by Chuck Moden's house right by the school June 7th/8th between 3:30 and 4:00 pm. Thank you. Goodbye."

The school alert system is used for special announcements, such as school closings due to snowfall, lock-downs or other school-related information. In such situations, the robocalls go out to "alert" residents of the district about a special circumstance that is taking place. Though it is uncertain without an official investigation, use of the system to advance a political endeavor, such as the Snyder recall, appears to have been a violation of the state's campaign finance law.

"It will never happen again" Lawrence Public Schools Superintendent John Overley told Capitol Confidential today, referring to the alert that went out about the Snyder recall. "It will not be done again, ever."

Capitol Confidential asked

Overley if the use of the alert in connection with the recall had been a mistake.

"Yes, a big mistake," Overley responded.

Capitol Confidential asked Overley if the situation involving the alert had been brought before the district's school board.

"No, we haven't done that, but the school board members know about it," Overley said. "My understanding was that this was to be more informational than it turned out."

Capitol Confidential asked Overley if that meant he had known ahead of time that something concerning the recall was going to be sent out.

"We're not going to ever let this happen again," Overley asserted.

Robert LaBrant is senior vice president of political affairs and general counsel for the Michigan Chamber of Commerce. He is a veteran of many battles involving public schools misusing, or allegedly misusing, taxpayer resources for political purposes. Capitol Confidential asked him about situations such as the one involving the use of the Lawrence alert system.

"If this actually is the school district putting out the information in the manner described, it sounds like it would be a violation of Section 57 of the Michigan Campaign Finance Act," Labrant said. "They can't use it (the school information system) in that way."

Capitol Confidential asked Labrant what, if any, penalty would result from the district helping to direct voters to where they could get more information about the Snyder recall.

"If a complaint were to be filed

with the Secretary of State, and it was determined that there had been a violation, I'd say there would at least be some kind of minor civil penalty," Labrant said.

Fred Williams, spokesman for Michigan Secretary of State Ruth Johnson, said he wouldn't speculate as to whether any specific action would be considered a violation of the Michigan Campaign Finance Act or not.

"If someone filed a complaint, we would look into it," Woodhams said.

Individuals found guilty of violating Section 57 could face a fine of up to \$20,000. However, one might reasonably ask to what extent the current law, and how it's implemented, actually serves as a deterrent.

Those attempting to recall Snyder have the daunting task of trying to collect 806,522 valid signatures in just a few months. Logic dictates that fertile ground for at least starting to harvest the signatures would be in state's K-12 community. With that in mind, the core question might be whether the possibility of getting caught and fined is likely to outweigh the opportunity of bringing in a lot of signatures.

"It sounds to me like this is a problem that needs some stronger penalties," said Rep Tom McMillin, R-Rochester Hills, Chair of the Michigan House Oversight, Reform and Ethics Committee. "Clearly just giving them a slap on the hand is not working to stop it."

McMillin told Capitol Confidential that news of the Lawrence Public School incident would likely affect legislation that's currently before his committee.

"There is legislation that's about ready to move in my committee

that could pertain to this kind of situation," McMillin said. "It's the Pscholka bill and we'll be taking it up soon."

McMillin was referring to HB 4052, sponsored by Rep. Al Pscholka, R-Stevensville, which would: ". . . prohibit a public employee or collective bargaining organization from using publicly owned property, facilities, or services, including an electronic mail system, for (1) political activities, (2) political fund-raising, (3) campaigning for office of a collective bargaining organization, (4) collective bargaining organizing activities, or (5) solicitation of employees for membership in a collective bargaining organization."

Capitol Confidential asked McMillin if he believed HB 4052 would address situations such as the Lawrence incident.

"I'd say, after hearing about this (the Lawrence) situation, we'll make sure the bill does address it before it comes out of committee," McMillin responded.

Pscholka was the first lawmaker to be targeted for recall this year. Technically the issue he's facing recall over is the emergency manager legislation. He told Capitol Confidential that he has loads of examples of school employees misusing school email accounts and using school time for political purposes.

"I had a high school teacher call my office on the day of the School Aid budget vote," Pscholka said. "First, I explained to her that what we were voting on wasn't what she had been told it was. Then I asked her why she was calling in the middle of the day and what about her class? She told me her class was taking a test and she'd just received

an email from the MEA (Michigan Education Association) telling her to contact me. She also said she hadn't expected to get ahold of me."

"So there she is calling me, instead of being in the room while her class was taking a test," Pscholka added.

Pscholka also said his office has been collecting emails from school accounts pertaining to political matters.

"We have a stack of these emails," Pscholka said. "We've been saving them. They came from school email accounts at the taxpayers' expense, not personal accounts. Most of them are from teachers. Some are actual emails, others are forwarded emails. They were written about a myriad of issues."

Capitol Confidential asked Labrant if the Snyder recall effort could potentially be penalized as a result of such an action by a local school district.

"No, it would have no effect on them," Labrant said. "If the MEA (Michigan Education Association) was paying for it, that would make it an in-kind contribution to the recall effort. But that would be the only effect."

Charles "Chuck" Moden could not be reached for comment on this article.

Section 57 of the Michigan Campaign Finance Act states the following:

(1) A public body or an individual acting for a public body shall not use or authorize the use of funds, personnel, office space, computer hardware or software, property, stationery, postage, vehicles, equipment, supplies, or other public resources to make a contribution or expenditure or provide volunteer personal services that are excluded from the definition of contribution under section 4(3)(a). This subsection does not apply to any of the following:

(a) The expression of views by an elected or appointed public official who has policy making responsibilities.

(b) The production or dissemination of factual



# STEP INCREASES

## The Big Teacher Raises That Don't Make the News

BY TOM GANTERT

Many public school teachers get more than one raise during a school year. While across-the-board cost of living increases have been reported to be as less than 1 percent in some media reports, it is the automatic step increases that generate the biggest boost in earnings for teachers. And these increases are largely ignored in most media accounts.

"Step increases provide automatic rewards when teachers merely notch another year on their belt," said Michael Van Beek, education policy director at the Mackinac Center for Public Policy, in an e-mail. "These lock in significant cost increases for districts and put a large amount of strain on school budgets."

The Mattawan Board of Education sent a letter to parents saying that budget needs necessitated that the district send layoff notices to all of its 207 teachers. Mattawan is facing a projected \$4-million deficit in 2011-12, according to the Kalamazoo Gazette.

Yet, Mattawan teachers who have 13 years of service or less are still set to receive step increases of more than 5 percent for this year and the next two. Van Beek said 65 percent of Mattawan's teachers have 11 years or less experience.

The school board's May 16 resolution acknowledges these "contractual step increases" as part of the reason that the district is facing a \$1,100 per student funding challenge. The resolution states that the board is "proactively working with the teachers union to reach a total cost reduction. At this time, we are still discussing how that reduction will be implemented."

Mattawan Superintendent Patrick



Bird didn't respond to an e-mail seeking comment.

Throughout the state's recent education funding debate, much of the news media has failed to take the large salary bumps represented by step increases into account when reporting that districts are supposedly cutting costs.

For example: The Saginaw News produced a story regarding Saginaw Public School teachers working three years without a contract. The headline read: "Saginaw teachers still paid their 2008 salaries, not taking cuts requested by several board members."

However, many of those teachers still received annual pay raises of about 5 percent due to advancing in years of service on the salary scale in the expired deal. The step increases, in other words. A teacher with six years of service and a

bachelor's degree would have received a 16.5 percent increase in pay over three years due to step increases in the expired contract that remain in force until a new contract is in place.

Because of this, when a district is in financial trouble, there is a perverse incentive for the union to avoid a new contract that may lead to a less generous step increase schedule. Instead, a union such as the one in Saginaw might prefer to keep the rules of the expired contract indefinitely and avoid coming to the bargaining table for a new one. And currently, the law allows for just that result.

But the Legislature has passed a bill to put a stop to this, effectively ending step increases when the contract expires, thus creating an incentive for both parties – district and union – to replace the expired

contract with something more financially workable. House Bill 4152 was passed by the House and Senate and was signed into law by the Governor. The bill passed on a mostly party-line vote, with Democrats in opposition.

However, five Republican senators sided with the Democrats to preserve the step increases after union contracts expire: Tom Casperson of Escanaba, Bruce Caswell of Hillsdale, Rick Jones of Grand Ledge, Mike Nofs of Battle Creek, and Tory Rocca of Sterling Heights.

Still, school officials have said it won't be easy for them to reduce step increases.

In 2010, Alpena Public Schools approved a contract with its teachers that included step increases of nearly 5 percent. For example, a fourth-year teacher with a master's degree in 2009-10 would have a salary of \$45,561. That salary would increase 4.9 percent to \$47,795 in 2010-11.

At the time, Superintendent Brent Holcomb said that getting health care cost sharing concessions was more important than trying to change step increases.

"Trying to change the culture of steps and those expectations — that would be Mt. Everest-ish," Holcomb said last year. "You have to pick your battles." ■

*The original version of this story was posted online on May 23, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15078](http://www.MichCapCon.com/15078).*

# Inconvenient Truths Disappear Down Government 'Memory Holes'

BY KEN BRAUN

Since at least the fall of 2006, the state of Michigan's Office of Retirement Services had been referring to the state's teacher pension plan – the Michigan Public School Employee Retirement System – as “one of the best public pensions around.” But following several recent Capitol Confidential stories this spring and summer giving details that explained why Michigan teacher pensions really are much more generous than private sector retirement plans, the “best public pensions around” sentence vanished from state government websites. Sometime after a June 2 article which referenced the current edition of the teacher retiree handbook, the page with the statement on it appears to have been altered in the official online edition so that the “best public pensions around” boast has been removed.

However, thanks to a copy of the exact same edition of this handbook left on the website of at least one Michigan school district, we have the original text. (For comparison of both documents, please see the online version of this article).

While generous public employee pensions are going the way of dinosaurs due to their excess burden on taxpayers, nothing of any substance has been done to change the public school teacher retiree benefits since this spring. So it shouldn't have lost its purported status as “one of the best public pensions around” in the state's official online version of the handbook. But this is not the only recent case where Michigan Capitol Confidential stories have caused information to disappear from government websites. And for some public officials, the habit is far older than the

Internet.

The job of Winston Smith in George Orwell's classic novel *Nineteen Eighty-Four* was to rewrite history for ‘Big Brother’ – the leader of the oppressive regime that ran his life. As part of an army of editors who made inconvenient facts and documents disappear into a “memory hole,” he replaced them with new “facts” and documents that reflected what the regime wanted the populace to believe. A real-life example was the Soviet regime of Joseph Stalin, which went so far as to have the images of out-of-favor Soviet officials removed from photos where they had been pictured standing next to Stalin during friendlier times with the dictator. In one famous instance, a photo of Stalin posing with three other cronies is successively edited and officially reissued three times over a period of years until everyone but Stalin is removed from the picture.

The politicians and bureaucrats who run public entities in Michigan are of course in no conceivable way remotely comparable to the totalitarian brutality of Stalin or Big Brother. But in small ways, they do sometimes have their own versions of the “memory hole” when asked to account for how they spend tax dollars.

Two other recent examples:

## LABOR PAINS ...

On March 25 of this year, Capitol Confidential sent a Freedom of Information Act request to the labor studies departments at three Michigan universities. A year earlier, Capitol Confidential reported that the website of the Labor Studies Center at Wayne State University was posting content that was more political and partisan than it was scholarly, almost as if the LSC's

mission was to be more of a political action committee for Big Labor than a taxpayer-financed teaching and research entity. This was made all the more concerning because the LSC website had already been the subject of one earlier complaint to the state's Bureau of Elections during 2005 for similar conduct, with the result being that the LSC took down the offending web page.

Seeking to find out more information about whether university employees were illegally using taxpayer resources for partisan politics, Capitol Confidential submitted narrowly-focused FOIA requests for certain emails of professors working at the labor studies centers at the three state schools that have such entities: Wayne State, Michigan State and the University of Michigan. Initially, this was met with outrage from some of the professors, who accused Capitol Confidential and the Mackinac Center of conducting an ideological ‘witch hunt.’ It even led to a bomb threat against the Mackinac Center's headquarters.

But the focus swiftly turned back to Wayne State when the true reason for the FOIA requests became known to a WJR-760 AM radio audience on April 6. Within hours of the broadcast, the pages cited as potentially objectionable by Capitol Confidential began disappearing from the LSC's website, and soon the entire site was gone, with only an “under construction” page showing to the outside world. Two days later, a new version of the website was up, sans all of the controversial material. Wayne State officials told the MIRS news service ([www.MIRSnews.com](http://www.MIRSnews.com)) that the pages had been removed so that university lawyers could determine whether they had violated the state's campaign finance laws.

As of this writing, the Wayne State LSC's website remains clean of the objectionable content. Still left unresolved is whether the removed content, which had been publicly displayed for many years, represented more extensive and perhaps illegal political behavior with public resources that was being conducted in less public ways behind the scenes.

## THE OINK JOINT ...

Last June, *Governing Magazine* sung the praises of the Michigan Film Office and a Birch Run restaurant known as the “Oink Joint.” Used in a feature film subsidized by Michigan taxpayers, the previously-shuttered roadside diner was supposedly an example of a re-opened and successful business created by Michigan's highly controversial film subsidy for Hollywood producers. When the *Governing* story was published, the Film Office was still boasting of the Oink Joint on its website, claiming that it was producing sales 60 percent above projections.

But ... a tip from the head of the Michigan Taxpayers' Alliance to Capitol Confidential resulted in a June 18, 2010, story revealing that instead of trusting the details on the Film Office website before writing their story, *Governing* should have placed a phone-in order to the Oink Joint for baby back ribs: Many months earlier, the restaurant had once again gone out of business.

The Oink Joint page was removed from the website shortly after Capitol Confidential reporter Tom Gantert placed a call to the Michigan Film Office seeking comment. Thereafter, a search for the “Oink Joint” on the Film Office's “success story” website would reveal the following message: “Sorry. The Success Story was not found.”

The ‘Oink Joint’ had ‘disappeared’ down state government's memory hole. ■

*The original version of this story was posted online on Jul. 9, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15382](http://www.MichCapCon.com/15382).*

## BIG MISTAKE

*from Page 10*

information concerning issues relevant to the function of the public body.

(c) The production or dissemination of debates, interviews, commentary, or information by a broadcasting station, newspaper, magazine, or other periodical or publication in the regular course of broadcasting or publication.

(d) The use of a public facility owned or leased by, or on behalf of, a public body if any candidate or committee has an equal opportunity to use the public facility.

(e) The use of a public facility owned or leased by, or on behalf of, a public body if that facility is primarily used as a family dwelling and is not used to conduct a fund-raising event.

(f) An elected or appointed public official or an employee of a public body who, when not acting for a public body but is on his or her own personal time, is expressing his or her own personal views, is expending his or her own personal funds, or is providing his or her own personal volunteer services.

(2) A person who knowingly violates this section is guilty of a misdemeanor punishable, if the person is an individual, by a fine of not more than \$1,000.00 or imprisonment for not more than 1 year, or both, or if the person is not an individual, by 1 of the following, whichever is greater:

(a) A fine of not more than \$20,000.00.

(b) A fine equal to the amount of the improper contribution or expenditure. ■

*The original version of this story was posted online on Jul. 13, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15405](http://www.MichCapCon.com/15405).*



# Which Republicans Can Snyder Count on for K-12 Reform?

BY KEN BRAUN

Gov. Snyder got only part of the cost reductions that he was initially asking for in next year's K-12 budget, despite huge Republican majorities in the Legislature. While it may not be surprising that Democrats were unanimously opposed to his spending reform proposal, an overlooked obstacle he was facing is the opposition to K-12 reforms coming from his own party. It's a very old problem.

In 1995, a \$4,200 minimum per-pupil K-12 allowance was created by state government to be paid for each student attending a public school in Michigan. If adjusted for inflation, schools would have been getting \$6,198 per kid in 2011. In reality, they got considerably more: \$7,316 per pupil. Even though this is the single most costly service provided by state government, the minimum allowance has increase well ahead of inflation during its lifetime, which includes more than a decade of one of the worst economies in Michigan history and repeated budget showdowns at the state Capitol. This trend has held true through Republican

and Democrat governors and through other periods when Republicans controlled the entire Legislature and governor's office.

Next year, for just the second time in 17 years, the minimum allowance will indeed go down, though not by as much as what the governor requested. The lifetime minimum foundation allowance growth will still remain well ahead of inflation under the smaller cut, and would have done so if the governor's plan had been enacted.

When it came time to approve this budget with the smaller cut than the governor had asked for, Democrats were still unanimous in their opposition, and there were still 9 Republicans willing to join them.

In the House, four Republicans broke ranks: Kurt Heise of Plymouth, Holly Hughes of Montague, Paul Muxlow of Brown City and Patrick Somerville of New Boston. In the Senate, five Republicans did the same: Bruce Caswell of Hillsdale, Geoff Hansen of Hart, Rick Jones of Grand Ledge, Mike Nofs of Battle Creek and Tory Rocca of

Sterling Heights.

There is a 63-47 GOP advantage in the Michigan House, and this is dwarfed by a 26-12 Republican supermajority in the Senate.

The names of some of those Republicans voting against the cut have appeared in other recent legislative school reform battles:

- Currently, teachers get automatic raises (step raises) even after the union contract authorizing them has expired. In May, the Legislature approved a bill that would put a stop to the automatic pay hikes in this circumstance. Once again, every Democrat in the House and Senate voted against the reform. In the Senate, five Republicans voted with the Democrats, including the aforementioned Jones, Nofs, Rocca and Caswell.
- A Democrat amendment proposed to make it illegal for emergency financial managers to receive any other form of income while they are tasked with turning around a financially troubled school district. The amendment was defeated in the Senate on a mostly party-line vote, with most Republicans voting against

the restriction on outside sources of income for EFMs. But five Republicans voted with the Democrats in favor of the amendment, including Nofs, Rocca and Caswell.

- In some Michigan school districts, union contracts require taxpayers to pay some or all of the salary for teacher union negotiators. These union stewards are often on 'release time,' meaning that they spend their days on union business and not teaching kids. In April, the Michigan House approved a bill to prohibit this practice. Not a single Democrat voted for it, but three Republicans crossed over and voted with Democrats against the bill, including Rep. Muxlow.

And some of these Republican names show up on the same side of the ledger with the Democrats during K-12 reform votes in previous years:

- A 2009 bill proposed to retain "First Class District" privileges for the Detroit Public Schools, even though the district had slipped below the population threshold for keeping this status. Among other advantages, this would have meant that the district would retain the ability to keep out additional charter schools from competing with DPS. Democrat support for the bill was unanimous, and most Republicans were opposed. However, there were five GOP lawmakers who voted with the Democrats in favor of first

class status for DPS, and two of them were Jones and Rocca (both were then members of the House of Representatives).

- Another 2009 bill in the House proposed to allow school districts to ask for "sinking fund" millage votes. The Michigan Chamber of Commerce was vehemently opposed to the bill and estimated that one version of the policy could hook taxpayers for an additional \$3.2 billion to \$7.6 billion in property tax hikes. The overwhelming majority of Democrats voted for the bill, with the vast majority of Republicans voting against it. However, 11 Republicans voted with the Democrats to create the sinking fund tax option, and two of them were Hansen and Rocca (both House members at the time).
- A 2008 K-12 spending bill was designed by the Democrats then controlling the House of Representatives so that it deliberately overspent available revenue by more than \$32 million. All but one Democrat voted for the overspending budget, and nearly all Republicans voted against it. But five Republicans voted for it, and one of them was Rocca. ■

*The original version of this story was posted online on Jun. 6, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15168](http://www.MichCapCon.com/15168).*

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# BREAKING BAD

## Dearborn Gives Four Problem Teachers \$197K to Go Away

### *Tenure Removal Too Costly*

BY TOM GANTERT

At the Dearborn Public Schools, the administration wanted to get rid of two teachers accused of sexual misconduct and two more that were accused of possession of illegal substances outside of school. The district ended up paying the four teachers a combined total of \$197,353 to get them to quit their jobs.

Yet this outcome may have been the fiscally prudent one from the perspective of the local taxpayers. The district says its analysis of going through a costly and lengthy tenure process in each of those cases would have cost a total of nearly \$400,000. They based this on the costs of two cases in which they did go through the tenure process.

"The perception is you are buying out a bad teacher. 'Why are we paying these people?'" said Timothy Currier, the attorney who handles tenure cases for Dearborn Public Schools.

But Currier said it's cheaper than going through the tenure process, which can cost the district more than \$170,000 for two cases and take about 10 months.

By contrast, buyouts can happen as quickly as six months and, with a settlement, there is a certainty the teacher is gone, Currier said. Teachers are more willing to take a settlement if their record doesn't show that



'Walter White,' the drug-dealing chemistry teacher from AMC's hit TV series "Breaking Bad." Photo: "popculturegeek.com" from wikimedia.

they were fired, he added.

Other public schools have made the same decision to settle with teachers instead of going through the tenure process.

The state House of Representatives and state Senate recently passed a package of bills that make it easier to

fire ineffective teachers. The bills are waiting for Gov. Rick Snyder's expected signature.

According to documents provided by the Dearborn Public Schools, it has settled with 12 teachers accused of wrongdoing since 2006.

"This gives a better sense

**The district says its analysis of going through a costly and lengthy tenure process in each of those cases would have cost a total of nearly \$400,000.**

of the true cost to taxpayers of an antiquated and expensive government employee privilege," said Michael Van Beek, the Mackinac Center for Public Policy's education director. "It doesn't matter if a district pursues tenure charges against or strikes a deal with an

ineffective teacher, taxpayers are on the hook."

A Van Beek article about how to remove a problem teacher in 13 "easy" steps appeared in Capitol Confidential last year.

The American Federation of Teachers' president for Michigan, David Hecker, didn't respond to an email seeking comment. Dearborn Public School teachers belong to an AFT affiliate. ■

*The original version of this story was posted online on Jul. 7, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15373](http://www.MichCapCon.com/15373).*

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# Michigan's Government-Mandated Beer Contracts: Harder to Escape Than Marriage?

BY KEN BRAUN

Amongst the decade-plus wreckage that has been the Michigan economy, there is an industry of 80 small businesses that have quietly carved out a success story. A February MLive profile tallied up \$70 million in business expansions and job creation currently being invested in this state by these quiet capitalists. They didn't do it with help and special deals from government economic planning czars trying to pick winners and losers, and they're individually too small to credibly cry for taxpayer bailouts when the bottom line goes bad. Indeed, in a tale all too typical of Michigan businesses that decide to pack up and leave for friendlier locations, these stout sons and daughters of the Great Lakes State are winning in the marketplace in spite of Michigan government imposing strict regulations on their industry.

They make beer: some of the very best beer in America and the world.

But a little guy beating the giant mega-brewers by making a tastier product is just the start of the challenges facing a Michigan craft-brewer. Getting that product to thirsty customers presents another obstacle. And it's one where state government has put up hurdles rather than helped. Unlike most other Michigan businesses, high-end craft beer makers are severely limited regarding how they sell their product and who delivers it to customers and retailers.

Consider, for example, the HoneyBaked Ham Company, another Michigan company that produces a high-end consumer grocery item. They have more than 400 stores nationwide to directly distribute their product, and they make their own choices

about how to deliver those hams to those stores. They can buy their own refrigerated trucks and hire drivers to do the job, call up somebody else to do it, and change their mind as often as they need to about this basic business decision, depending upon the best price and service model for what they need to accomplish.

While these seem like freedoms that should be available to just about any business in America, this isn't the case for Michigan's craft beer makers, due to a state regulation called the three-tier distribution system. Poorly understood and virtually unknown to the general public, the three-tier system for the most part requires strict legal separation between those who produce beer or wine (the first tier), the restaurants and stores that sell it (third tier) and the wholesale distributors that move it between the two (second tier). With only minor exceptions, the Michigan Liquor Control Commission will not allow any business active in one tier to be involved in either of the other two.

The practical effect is the creation of a government-mandated middleman in the second tier: the wholesalers or distributors. Beer makers can't sell their product directly to large discount stores such as Costco, or even to tiny mom & pop grocery stores. They must go through a state-approved beer wholesaler.

Brett VanderKamp, president of the New Holland Brewing Company, explains that a craft brewery such as his must be very careful which wholesaler moves its first truckload of beer to retail stores or restaurants for them. Michigan's distribution law means that this first shipping decision effectively locks the brewery into at least years or decades of

a business partnership with that distributor. If disputes over service or price develop between these government-enforced "partners," then unlike the ham company, a small brewery cannot just ring up a new distributor and arrange to have the beer delivered another way.

Jennifer Dixon of the Detroit Free Press authored an extensive 2005 investigation of the three-tier system. Her conclusion is similar, saying Michigan's law "makes it nearly impossible for a brewer or a winery to fire a wholesaler unless the wholesaler commits fraud in its dealings with a supplier, fails to comply with its agreement with its supplier, sells outside designated territories or loses its state license."

She then quotes a director of enforcement for the state Liquor Control Commission, who said no wholesaler had lost a license during his then-27 years with the agency.

**Unlike most other Michigan businesses, high-end craft beer makers are severely limited regarding how they sell their product and who delivers it to customers and retailers.**

The competitive marketplace is distorted in two ways: Brewers are stuck with only one viable way to move their product, and there's a barrier to new businesses moving into the distribution tier because there are so few new suppliers available to sign contracts. Most existing breweries are already locked up by these restrictive distributor contracts. For these reasons, and with only modest

exaggeration, VanderKamp says that it is easier to get out of a marriage contract in Michigan than it is for small breweries to get out of a beer distribution contract.

As the MLive profile made clear, Michigan is one of 20 states that will not even allow a modest "self-distribution" policy, thus creating the perverse result that a small brewery in a small town wishing to sell a locally made product to local restaurants and stores cannot simply take it there: They must ring up their one and only government-approved distributor, whose trucks and warehouses may be nowhere near the town where the brewery and restaurant exist.

This legalized quasi-monopoly over beer distribution has created substantial financial benefits for a small number of large wholesalers in the state with the lion's share of the distribution contracts. They are ostensibly private businesses, but their profits are protected by the special government three-tier barrier that freezes out competitors and locks in beer makers.

The distributor's trade industry group, the Michigan Beer and Wine Wholesalers Association, is quite aware of the unique perk enjoyed by their members in comparison to other states.

The 2005 Detroit Free Press investigation into the three-tier system quotes the former chairman of the MBWWA giving a speech to the group in 2004. He boasts of the good deal that his members have achieved relative to wholesalers in other states as a result of the MBWWA's ability to keep laws that are favorable to their quasi-monopoly.

"I am sure everybody in this room has experienced what I and other leaders of this group do when we travel to out-of-state meetings and conventions with the wholesalers from around the country," he said. "We are constantly being congratulated or harassed in some cases, about how good we have it here and how people wish they could be wholesalers in Michigan."

Meanwhile, only four other states have as many small craft breweries as does Michigan, according to the MLive report, and each of the others are well west of the Mississippi River: California, Oregon, Washington and Colorado. In many of those states, the market penetration of craft brewed beer is much greater, according to VanderKamp.

The Michigan Brewers Guild estimates that its 80 members produce \$24 million in wages annually and \$133 million in economic impact each year. The MLive story quotes market research showing that sales of Michigan craft beers at Michigan supermarkets has doubled since 2007, from just over \$11 million to \$22 million in 2010. This represents more than one-third of the \$30 million total increase in all beer sales over that period of time.

VanderKamp believes the strong growth of Michigan brewers and lightening of the restrictions imposed upon them could do a lot toward making one of the state's brightest economic success stories shine even brighter.

"If you look around, we are really starting to become an economic force," he said. "We [Michigan's craft breweries] are in the heart of downtowns, a main street business, and we're touching a lot of aspects of communities. I see people moving away from the mass industrial beers; I see a change in the market; I see consolidation among the large brewers; and I think this offers an incredible opportunity for the small brewers. I can't say it any better than that: We should be creating laws that are business-friendly." ■

*The original version of this story was posted online on Jun. 9, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15196](http://www.MichCapCon.com/15196).*

# Ann Arbor Schools Find and Oust 200 Ineligible Dependents from District Health Plan

BY TOM GANTERT

Prior to last year, the Ann Arbor Public Schools had 200 supposed employee dependents receiving health care benefits who were in actuality not eligible as legitimate dependents. The district discovered the problem last year, and the ineligible dependents were immediately deleted from the district's health insurance plan. The Ann Arbor school district has 3,040 full time employees, according to the state of Michigan.

Michigan Capitol Confidential put in a Freedom of Information Act request asking for documents the district used to verify that listed dependents of employees enrolled in the health plan were really legitimate dependents eligible for the district's health

insurance coverage. The request resulted from a tip from a former district employee who alleged that the district never asked for verification when employees signed up their dependents.

The district said it does not have a form to verify documentation under the new federal health care requirements and instead asks for documentation in the form of a birth certificate. Liz Margolis, the spokeswoman for the district, said it hired a company to review its dependent coverage last year.

She said the review was extensive. Forms were sent out, and if employees didn't respond, insurance was not renewed. In some instances, employees had to give affidavits about dependents.

"We were very responsible to run the audit and save the district money," Margolis stated in an e-mail.

The more detailed information, such as how long the ineligible dependents were covered, is pending in another Freedom of Information Act request.

"How much is this happening all over the state?" asked Michael Van Beek, education policy director for the Mackinac Center for Public Policy. "It is just a flat out extra cost to taxpayers." ■

*(See related story, page 17)*

*The original version of this story was posted online on May 19, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15065](http://www.MichCapCon.com/15065).*

# SUPER SPEEDWAY NOTCHES SECOND STATE SUBSIDY

BY TOM GANTERT

Michigan International Speedway is now a two-time winner when it comes to state subsidies.

The state's official tourism site announced it was hosting the Pure Michigan NASCAR Sprint Cup Race at MIS on Aug. 21. The Michigan Economic Development Corporation paid \$972,500 for the one-year sponsorship deal. And MIS already qualifies for tax credits through the Michigan business tax since 2007. The state reimburses the racetrack for every dollar it spends on infrastructure improvements on areas such as the infield or the grandstand area. The state estimates this will be \$1.2 million for 2011.

"They are spending money on something that they are already spending money on," said James Hohman, assistant director of fiscal policy at the Mackinac Center for Public Policy. "I don't think the state should have an MIS-specific policy. The state should not be

taking money from everyone else to give to a politically favored business."

MEDC spokeswoman Michelle Begnoche said in an email that the funding came from "corporate funding" and that no state funding was used in the sponsorship. She said the \$972,500 came from the MEDC's investment income and money that the Indian gaming casinos gave the MEDC as part of a deal for the privileged gaming status that state government confers upon them.

Michael LaFaive, director of fiscal policy for the Mackinac Center, said the MEDC was "splitting hairs."

He pointed to a Senate Fiscal Agency 2009 report on tribal gaming issues. That report notes that the Michigan Court of Appeals has ruled that the tribal gaming contributions were "public funds not subject to appropriation." ■

*The original version of this story was posted online on Jun. 21, 2010. It is available with hyperlinks and more info at [www.MichCapCon.com/15266](http://www.MichCapCon.com/15266).*



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# Lawmaker Seeks More Transparency for SWAT Team Raids

BY KEN BRAUN

The part-time mayor of an upper middle class Maryland suburb of Washington, D.C. found himself and his mother-in-law handcuffed in his own home by a Prince George's County SWAT team one July evening three years ago. His two black Labrador retrievers had been shot dead, the second one from behind as it fled the officers who had broken into the home in a 'no knock' raid as part of a drug investigation. Five months later, Berwyn Heights Mayor Cheye Calvo and his entire family had been cleared of all wrongdoing and suspicion, but the county police were still refusing to provide documentation to justify why they had violently entered the home of an innocent man.

One expert analyst on SWAT raids says the use of them for non-violent offenders, let alone innocent targets, has become alarmingly routine, yet way under the public radar because most of the targets are not as high profile as Calvo. A Michigan lawmaker will soon introduce legislation aimed at giving citizens a better look at what their militarily-equipped police teams are up to.

Rep. Tom McMillin, R-Rochester Hills, will be seeking co-sponsors for a bill that would require an annual report from police agencies regarding how often they deploy their SWAT teams. Largely due to Calvo's influence, a similar bill was swiftly approved in Maryland following the raid on his home. The results of the very first reports were sobering, showing that Maryland's SWAT teams raided buildings on an average of 4.5

times per day during the last six months of 2009.

And in Prince George's County, the police department that hit Calvo's home reported that half of its SWAT raids were conducted for investigations of misdemeanors or non-serious felonies, according to Radley Balko, formerly a senior editor for Reason Magazine and now a senior writer with the Huffington Post.

**Mayor Cheye Calvo and his entire family had been cleared of all wrongdoing and suspicion, but the county police were still refusing to provide documentation to justify why they had violently entered the home...**

"That means more than 100 times last year Prince George's County brought state-sanctioned violence to confront people suspected of nonviolent crimes," wrote Balko, shortly after the report was released. "And that's just one county in Maryland."

Balko has been researching and reporting on SWAT raids for several years. While working for the Cato Institute in 2006, he authored a comprehensive examination of the history and impact of SWAT deployments. In "Overkill: The Rise of Paramilitary Police Raids in America," Balko gives accounts of what he says are 150 'botched' raids. He also notes one estimate showing that as many as 40,000 SWAT raids may

be happening each year – a steep increase from the early 1980s when they were "largely confined to extraordinary, emergency situations such as hostage takings, barricades, hijackings, or prison escapes."

Where Balko is convinced that there is a general and serious national problem with the use of militarized police units, McMillin is just looking for answers and is quick to stress that his bill is not intended to criticize the police who must follow these policy orders, nor even necessarily much of the general policy surrounding SWAT raids. Instead, he believes the public is entitled to more information and greater transparency from its government.

"We're not talking about traffic tickets," he said Friday evening. "We're talking about police using automatic weapons, sometimes flash grenades, and busting down doors. Shining a light on these activities is something simple and would keep citizens informed about these kinds of activities."

As an example, McMillin notes the May 2010 death of 7-year old Detroit Aiyanna Jones. The Detroit Police Department's SWAT team raided the home where she was sleeping in search of a murder suspect who was indeed at the location and surrendered without incident. No rounds were fired by the occupants of the home, but one officer's gun was discharged, hitting only Aiyanna with a fatal shot to the neck. The police initially claimed that the girl's aunt had reached for the officer's weapon, but later backtracked from the claim.

The Detroit News reports that the officer who allegedly fired the weapon has previously been accused in a federal lawsuit for "being part of a team that broke into a home, shot two dogs and pointed a pistol at children, including an infant."

Mayor Cheye Calvo filed a lawsuit following the incident that led to the death of his two dogs and reached a settlement

with Prince George's County that included an undisclosed amount of money. Calvo also told a local TV station that "the county has agreed to come up with new protocols in the way SWAT teams operate. Protocols that will include guidelines on how to treat animals in the course of a raid."

Controversial Detroit-area attorney Geoffrey Fieger is representing the family of Aiyanna Jones in their wrongful death lawsuit against the city. One legal expert asserts in the Detroit

News that "If the version of the facts that have been reported by Mr. Fieger is proven to be true, the city of Detroit will likely face a substantial settlement or perhaps an even greater verdict rendered against it. The potential for a multimillion-dollar verdict would have no clear ceiling in my estimation." ■

*The original version of this story was posted online on Jun. 18, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15242](http://www.MichCapCon.com/15242).*

## Ineligible Dependents on Ann Arbor Schools' Health Plan Cost District \$766K in 2010 District paid private contractor \$83k to uncover the problem

BY TOM GANTERT

The Ann Arbor Public Schools paid \$766,800 extra to carry 200 ineligible dependents on its health care plan in 2010, according to district documents recently obtained by Michigan Capitol Confidential.

The district paid a private contractor, Employee Benefit Eligibility Solutions, \$82,778 to audit its employee benefits in 2010, and the contractor discovered the 200 ineligible dependents. This information was made available in documents released Thursday by the district in response to a Freedom of Information Act request filed by Michigan Capitol Confidential.

Ann Arbor Public Schools spokeswoman Liz Margolis has called the audit "very productive." The district said it does not have a form to verify documentation under the new federal health care requirements and instead asks for documentation in the form of a birth certificate.

Last month, Ann Arbor Public Schools stated that it conducted the audit, but didn't provide details of the cost or the length of time that the 200 ineligible dependents were receiving benefits. In the June 8 response to the FOIA request, Margolis stated that the school district could not determine the amount of time the ineligible dependents had been covered by the district benefits policy.

Michigan Capitol Confidential received a tip from a former Ann Arbor Public Schools employee. They stated that the district had never asked for documentation when employees signed up their dependents. The Mackinac Center's news website has put in other FOIA requests to other school districts about their policy for verifying dependent eligibility. ■

*The original version of this story was posted online on Jun. 10, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/15198](http://www.MichCapCon.com/15198).*

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## WHY WE GIVE PARTY AFFILIATIONS:

*The Legislature is managed as a partisan institution. Lawmakers segregate themselves by party in matters from daily meetings to seating. They have separate and taxpayer-financed policy staffs to provide them with research and advice from differing perspectives. As such, gaining a full understanding of the vote of an individual lawmaker requires knowing his or her partisan affiliation.*

**WHO ARE YOUR LAWMAKERS?**

*To find out which lawmakers represent you and to view interactive legislative district maps, please point your web browser to [www.mackinac.org/9313](http://www.mackinac.org/9313).*

If you do not have Internet access, then you may obtain copies of legislative district maps by calling 989-631-0900 or by sending a written request to us at: Mackinac Center for Public Policy, c/o MiCapCon District Maps, 140 West Main Street, Midland, MI 48640

## Did you know?

**Members of the Michigan House and Senate are the second highest-paid state legislators in the United States, behind California.**

Base member annual pay: \$79,650

Additional annual expense allowance: \$12,000

Supplements are paid to the following 12 legislative officers:

Speaker of the House: \$27,000

Majority leader in the Senate: \$26,000

Minority leaders in both House and Senate: \$22,000

Majority floor leaders in both House and Senate: \$12,000

Minority floor leaders in both House and Senate: \$10,000

Chair of Appropriations Committee in both House and Senate: \$7,000

House speaker pro tempore and Senate president pro tempore: \$5,513

In more than 30 states, the position of state legislator is a part-time job with a salary of \$30,000 or less. Texas — the second most populous state and second largest geographically — pays lawmakers \$7,200 per year.

Some pay much less: New Hampshire legislators are paid a salary of \$200 for a two-year term of office; Alabama pays \$10 per day; and New Mexico offers no salary at all — just expenses. ■



Information appears as follows:

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# I'M JUST A BILL

**Michigan**✓**votes.org**

**A sampling of proposed state laws, as described on MichiganVotes.org**

## **SENATE BILL 569**

### **Revise film subsidies**

*Introduced by state Sen. Randy Richardville, R-Monroe*

The bill would revise the state film incentive program, converting it into a straightforward subsidy program rather than an indirect one, with awards of up to 30 percent of the expenses a film producer incurs in Michigan. Reportedly the bill's sponsor wants to increase the subsidies from \$25 million already appropriated in 2012 to \$100 million annually.

## **HOUSE BILL 4736**

### **Impose "fracking" pollution presumption**

*Introduced by state Rep. Lisa Brown, D-West Bloomfield*

The bill would establish a rebuttable presumption of legal liability, that any groundwater contamination "in the vicinity" of an oil or gas well using the hydraulic fracturing extraction process was caused by the chemicals used in that process.

## **SENATE BILL 407**

### **Transition state employees to defined contribution retirement health benefit**

*Introduced by state Sen. Roger Kahn, R-Saginaw Township*

The bill would transition state employee post-retirement health care benefits to a defined-contribution Health Savings Account type system. This would primarily affect those hired by the state starting in 1997. The bill would also

require these pre-1997 employees to contribute 4 percent of salary to their retirement benefit package.

## **HOUSE BILL 4627**

### **Ban laying off more effective but less senior teachers first ("LIFO")**

*Introduced by state Rep. Margaret O'Brien, R-Portage*

The bill would require public schools to make teacher layoff decisions on the basis of whether a teacher is more or less "effective," and prohibit using seniority as the primary or determining factor ("last in first out," or LIFO). Also, to allow principals to refuse to accept an "ineffective" teacher assigned to the school, placing the employee on unpaid leave. Evidence of increased student achievement would be the "majority" of the effectiveness judgment. If a current union contract prohibits these criteria, they would only go into effect after it has expired.

## **HOUSE BILL 4770**

### **Ban government benefits for "domestic partners"**

*Introduced by state Rep. David Agema, R-Grandville*

The bill would prohibit the state, public schools, colleges and universities, and local governments from providing medical benefits or other fringe benefits to an employee's "domestic partner," defined as someone who is not married to the employee and not a dependent or survivor.

## **HOUSE BILL 4791**

### **Ban food stamps to big lottery winners**

*Introduced by state Rep. Paul Opsommer, R-DeWitt*

The bill would include lottery or other gambling winnings in the income and asset caps that limit eligibility for food stamps, regardless of whether the winnings are a lump sum or monthly payout. The bill was introduced after it was reported that a multi-million dollar lottery winner was still collecting food stamps.

## **HOUSE BILL 4625**

### **Make it easier to fire ineffective teachers**

*Introduced by state Rep. Bill Rogers, R-Brighton*

The bill would revise the standards for granting a public school teacher "tenure," and streamline the procedures for taking it away. Among other things the bill would extend from four years to five years the "probationary" period before a new teacher is granted this privilege; allow the dismissal of a probationary teacher at any time, and require it for one rated "ineffective" twice in one school year or two years in a row; eliminate certain automatic presumptions that a teacher is "effective;" limit the number of "second chances" (and third ones) for teachers placed on probation; and more. ■