



# CAPCON MICHIGAN CAPITOL CONFIDENTIAL

MACKINAC CENTER FOR PUBLIC POLICY

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## HOW MICHIGAN CAN FIX ITS ROADS

BY JARRETT SKORUP AND JAMES HOHMAN

On May 5 voters rejected Proposition 1, the latest effort to fix Michigan's roads. This result should not be regarded, however, as an endorsement of the present state of the roads, and lawmakers should quickly explore new approaches.

A new road funding plan should include redirecting current or future state revenue to help pay for roads, and ideas to that extent are outlined below. (The figures are based on the House's proposed budget.)

Most of this money comes from reducing expenditures on programs that offer little or no benefit to the typical Michigan taxpayer.

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Second MEA President 'Spiked' Public Pension

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FORtheRECORD



## Low or High, Great Lakes Water Levels Always Blamed on Global Warming

BY JACK SPENCER

Michigan legislators once tried restricting the sale of bottled water for fear of running out. Today, water levels are once again high and rising.

Last spring, Great Lakes water levels rose above what's considered average, based on the brief 97-year period that they have been continuously measured. Since then, the lakes have risen enough to cause the sort of concerns associated with high-water periods of the Great Lakes cycle. Those concerns include disappearing beaches, flooding

near waterfront dwellings, menacing waves, and even trouble for rescue teams.

Great Lakes water levels rose so quickly compared to other periods that numerous claims – posted on various websites during the most recent trough of the cycle – that low-water levels were evidence of man-made global warming still reside on the Internet. Other residue from the low water level period includes echoes of the political clamor it caused in the mid-2000s.

See "Water Levels," Page 8

## Union: No Photo Needed to Vote, but Bring ID If You Want to Leave the Union

BY TOM GANTERT

In April of 2012, the International Brotherhood of Electrical Workers (IBEW) condemned laws requiring an individual to have a photo identification to vote in local, state and federal elections.

"Eleven percent, or over 21 million, of American citizens do not possess a government-issued photo ID," an IBEW article stated when discussing the argument that photo ID laws suppress voting.

The union pointed the finger at "the ultraright" for pushing for photo identification as a requirement to vote.

However, the same union has no problem demanding a photo ID for something as simple as a member wanting to leave it.

Ryan Greene, who works for Paramount Industries in Croswell in Sanilac County, filed an unfair labor practices complaint on April 2 with the National Labor Relations

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LETTER FROM THE PRESIDENT

# Five Road Funding Principles

BY JOSEPH G. LEHMAN

One might live a lifetime without witnessing a political trouncing like the one voters delivered to Proposal 1 on May 5. The complex measure to annually devote \$1.2 billion more for roads by raising taxes \$2 billion didn't just fail, it was vaporized in an historic 20-80 rout.

Some Prop 1 proponents say they now discern a new consensus to raise taxes to fix the roads, even though that is not the most obvious interpretation of their 60-point margin of defeat. While Prop 1's failure may have made even a small tax increase more difficult, the Mackinac Center's ideas remain untarnished by the blowout.

So what are the Mackinac Center's road funding principles? We point to the free-market ideal – True North, if you will – and chart a path that leads there even when it's not yet politically possible.

We have a way of patiently helping the politically impossible become politically inevitable, to borrow Milton Friedman's phrase. Our two-decade march for right-to-work comes to mind.

Might a consensus now form around our approach to roads?

- Advocate for high quality, well-funded roads as a public good that serves taxpayers' interests. Taxpayers will pay for poor government roads one way or another – through excessive taxes, vehicle repairs, or an impeded economy. Even Adam Smith, the famed originator of the free market's "invisible hand," did not oppose basic government infrastructure.
- Illuminate inefficient road spending practices and recommend reforms within road agencies. Repealing the prevailing wage law is a modest start.
- Retain the user-fee principle. Those who drive more should pay more. The per-gallon fuel tax approximates a user fee. Our road tax structure should easily accommodate emerging technology, which will make pay-by-the-mile, pay-by-the-ton, or both, instant and

frictionless for any type of vehicle, including hybrids. Oregon is experimenting with this.

- Identify and recommend ways to assign more money out of current revenues to roads. This means reassign state spending from programs with lower priority to the roads until they are adequately funded (and we believe an additional \$1.2 billion is the right number). My colleagues Mike LaFaive, James Hohman, and Jarrett Skorup have done more than anyone to identify more than \$2 billion in questionable spending that could be devoted to roads. The Michigan Economic Development Corporation consumes hundreds of millions of public dollars, much of it doled out as corporate welfare in a program cloaked in secrecy and whose results hardly ever match its boastful claims. So start with the MEDC. It's hard to think of a state asset more central to economic development than decent roads.
- Refrain from advocating for bigger government overall. Imposing new road taxes should be a last resort as long as lower priority spending remains untouched.

State House leaders recently introduced a plan that embraces most of these principles, even prioritizing future state revenue growth for roads so that they get more resources with no tax increase. If a final compromise does include a tax increase, we'll be cheering in direct proportion to how much of the total road funding package comes from reprioritizing current spending. That would represent progress compared to the conventional mindset of seeking all the new road money from a tax hike. And it's one step in the direction of True North. ■

  
Joseph G. Lehman,  
President



## MEET THE STAFF



Tom Gantert is the senior capitol correspondent for Michigan Capitol Confidential. He may be reached at Gantert@mackinac.org.

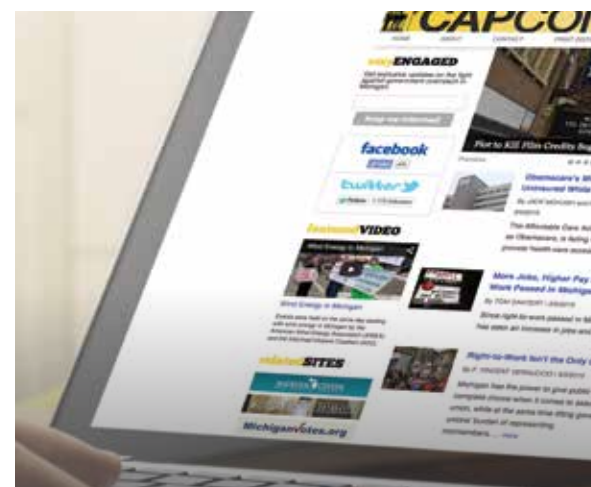


Jack Spencer is capitol affairs specialist for Michigan Capitol Confidential. He may be reached at Spencer@mackinac.org.



Jarrett Skorup is digital engagement manager for Michigan Capitol Confidential. He may be reached at Skorup@mackinac.org.

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## Second MEA President Used \$200,000+ Union Salary to ‘Spike’ Public Pension

*Special deal allows Iris Salters to collect \$140,000 per year*

BY TOM GANTERT

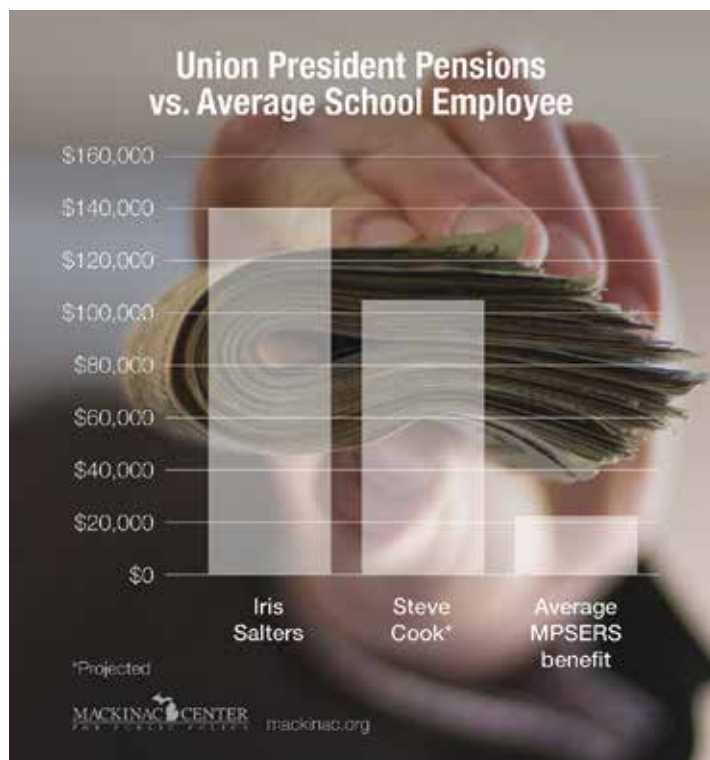
The former head of Michigan’s largest teachers union was able to spike her pension by basing it on a union executive salary rather than her past earnings as a teacher. This special deal means taxpayers are on the hook for part of the extra \$100,000 in annual pension benefits.

Former Michigan Education Association President Iris Salters draws an annual pension of \$140,000 from the state of Michigan. That’s in line with longtime educators who reached the top of their profession — from school district superintendents to community college presidents.

However, Salters didn’t get her six-figure government pension payout from reaching a top spot in public education, although she was a teacher in Kalamazoo for 32 years. Instead, when she left to become an official with the state’s teachers union in 1999, she worked out a deal with the school district.

According to information obtained by Michigan Capitol Confidential and confirmed by the school district, Salters was considered an “educator on loan” to the MEA while employed as a high-level union executive. She eventually became president of the state’s largest teachers union, collecting a salary of \$235,447 in her final year before retiring in 2011.

The special arrangement with the school district also allowed Salters to “count” her years as a highly paid union executive in the formula that produces her \$140,000 annual payout from the underfunded school pension system. The school district made



pension fund contributions on Salters’ behalf for 12 years, with the cost reimbursed by the MEA. But the state is required to pay “catch up” payments caused by past pension underfunding.

The special deal allowed Salters to turn a modest teachers’ pension into that of a college president.

The top of the scale salary for a Kalamazoo Public Schools teacher was \$75,160 in 2011. A Kalamazoo teacher who retired at that level after working 32 years would receive an annual pension of \$36,077. That’s more than \$100,000 less than Salters’ pension.

“Our attorney at the time, John Manske, and our current attorney, Marshall Grate, have both advised the district that the agreement regarding Iris

Salters was, and remains, legal in accordance with Section 71 of the Public School Employees Retirement Act,” said Alex Lee, executive director of communications for Kalamazoo Public Schools, in an email.

Salters’ “educator on loan” deal is similar to the arrangement current MEA President Steve Cook has with the Lansing School District. Cook’s deal will allow him to earn a six-figure annual pension despite only earning a modest paraprofessional salary for 15 years with the school district. Because of liabilities in the pension system, state taxpayers are picking up some of this cost.

After Michigan Capitol Confidential discovered the

See “Pension Spike,” Page 14

## ‘Steve Cook’ Bill Would Prevent Private Union Employees from Spiking State Pension

BY JACK SPENCER

In February, Michigan Capitol Confidential broke the story that the Lansing School District had allowed the president of the state’s largest teachers union to remain on its payroll for years as part of a “pension spiking” scheme.

In April, legislation was introduced in the state Senate to prohibit such schemes.

As reported by Michigan Capitol Confidential, under an arrangement with the Michigan Education Association, the Lansing School District contributed \$51,976 annually to the state-run school pension system on behalf of union president Steve Cook, and was then reimbursed by the MEA. The deal will let Cook collect a much larger pension from the school retirement system that is currently underfunded by \$26 billion.

“While Steve Cook’s gaming of MPSERS was not illegal, it certainly was unethical,” said Sen. Marty Knollenberg, R-Troy, the sponsor of the legislation. “Cook enriched himself at the expense of our teachers’ retirement. It’s time to close this loophole to make sure MPSERS benefits go to those intended — our public school teachers and employees.”

Knollenberg’s legislation, Senate Bills 279 and 280, is aimed at prohibiting such pension spiking deals, and would also ban school union contracts that pay employees who are union stewards to do union work on school time (a practice they call “release time”). In many public school districts, local union officials collect a full teacher’s salary and benefits but are not

required to teach or perform any other educational function.

As a state representative in 2011, Knollenberg introduced a version of this second bill after learning that 25 of the 28 school districts in Oakland County had either a full-time or part-time employee being paid with taxpayer money to perform union activities. That legislation (House Bill 4059 of the 2011-2012 session) was passed by the House with a 59-47 margin but was never taken up by the Senate despite a 26-to-12 Republican majority.

The current bills each have 14 cosponsors, a solid base of support to start out with considering that 19 “yes” votes are needed for passage in the Senate. Senate Bill 279 has been assigned to the Senate Appropriations Committee, which is chaired by Sen. Dave Hildenbrand, R-Lowell. Senate Bill 280 has been assigned to the Senate Commerce Committee, which is chaired by Sen. Wayne Schmidt, R-Traverse City, who voted for House Bill 4059 in 2011.

“Each dollar these school districts spend on union lobbyists is a dollar taken from classrooms,” Sen. Knollenberg said. “The last thing parents and taxpayers should have to worry about is whether money is being siphoned out of classrooms to pay for lobbyists.”

MEA spokesperson Nancy Knight didn’t return a phone message seeking comment. ■

*The original version of this story was posted online on April 24, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21233](http://MichCapCon.com/21233).*

Arthur N. Rupe Foundation Debate  
**MONEY IN POLITICS:**  
HOW MUCH SHOULD BE DISCLOSED?

The Debate will address the question of whether individuals who donate to nonprofit organizations or political issues should be able to maintain their privacy.

June 25, 2015 | Lansing Center | [Mackinac.org/21072](http://Mackinac.org/21072)





## Huron County Pushes Stop Button on Wind Development

BY JACK SPENCER

Local officials at Michigan's ground zero for wind energy are telling wind developers "enough is enough." Huron County has 328 wind turbines, more than all of the other Michigan counties combined. But it has just enacted a moratorium on any additional ones until stricter regulations for industrial wind turbines can be put in place.

"What this means is no turbines for people who don't want them," Huron County Commissioner John Nugent said. "The people who want them can still have them as long as it doesn't adversely affect their neighbors."

At its final March meeting the Huron County Commission voted 4-3 to adopt the moratorium, which will last 90 days, or until the county zoning ordinance is updated with changes recommended

by the county's wind energy zoning committee. If the changes aren't enacted within 90 days the moratorium could be extended until they are.

Nugent said there is no secret about what the new regulations will be like. They will include increasing the setback distance for the turbines, creating tighter noise restrictions, eliminating turbine flicker for the homes of nonparticipating residents, and a ban on wind development within three miles of the Lake Huron shoreline. This three-mile no-windmill zone was recommended by the U.S. Fish and Wildlife Service.

The county's wind energy zoning committee has been working on revisions for more than a year, and a possible moratorium has been under discussion by the board of commissioners for months. On Dec. 30, 2014, the board voted to seek

legal assistance for drafting a moratorium. In addition to the moratorium, the board has also taken action to assure it covers wind developers that had already submitted site plan review requests to the planning commission.

Complaints that living near industrial wind turbines causes adverse health impacts have been voiced worldwide. They include symptoms such as headaches and dizziness allegedly caused by exposure to low-frequency noise, infrasound emitted by the turbines and visual problems allegedly caused by the flicker effect of the turbine blades.

"This is a big deal," said Kevon Martis director of the Interstate Informed Citizens Coalition (IICC), a nonprofit organization that is concerned about the construction of wind turbines in the region. "The moratorium in Huron

County is a significant blow to Michigan wind development. Wind developers will no doubt continue to whistle past the tombstones and claim that most people do not mind having entire townships and counties turned into 50-story-tall power plants. But as wind development has increased in Michigan, people's voices of protest have also increased. And most communities hosting wind turbines are now using every legal and regulatory means at their disposal to stop the bleeding."

Minnesota-based Geronimo Wind Energy, arguably the wind developer most immediately affected by the moratorium, did not respond to a phone call offering the opportunity to comment. ■

*The original version of this story was posted online on April 14, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21202](http://MichCapCon.com/21202).*

## Union President Tells Women to Join Union to Get Equal Pay

*But national data says union men make more than union women*

BY TOM GANTERT

On April 14, AFL-CIO President Karla Swift told a group in Lansing that belonging to unions is the way women could get equal pay. One news site headline read: "Swift: Want Pay Equity Working Women? Join A Union!"

Except, that's not accurate, according to figures compiled by the federal Bureau of Labor Statistics (BLS).

Or at least not accurate in the literal sense that Swift and other speakers at the event have themselves used to frame the issue. When the different skill and experience levels of different workers and the jobs they do are considered it may be that Swift is correct and unionized women really do make as much as unionized men, other things being equal. But adjusting pay figures for such differences violates the simplistic math Swift and her associates are using to make their argument.

Men in unions made 11 percent more than women in 2014, according to the BLS. Male union members had median weekly earnings of \$1,015. Women earned \$904 a week that year. Women union members have earned less than male union members going back to 2000, which is as far back as the BLS data on this detail goes.

Swift spoke at an event in Lansing after the Michigan House passed a resolution designating April 14 as "Pay Equity Day."

"Working women should join a union," Swift said, igniting a 10-second long applause, according to the Michigan Information & Research Service (MIRS). "Because union contracts protect equal pay for men and women doing the same jobs. And women who join a union see their wages go up an average of 11 percent compared to non-union women workers in similar fields."

The AFL-CIO didn't respond to an email asking why men made more than women in unions.

Mark Perry, a scholar at the American Enterprise Institute and a finance and business professor at the University of Michigan-Flint, said "equal pay for equal work" has been the law of the land since 1963 and the passage of the Equal Pay Act.

"Most organizations will have gender pay gaps when comparing aggregate weekly or annual pay, and labor unions are no different," Perry said in an email. "BLS data show that there is a 11-percent gender pay gap for union workers, and female union workers made only 89 cents for every dollar that a male union worker makes in 2014. That would mean that the average female union worker earned almost \$6,000 less than the average male union worker, and therefore had to work an additional six weeks, or until the middle of February this year before she earned the same amount of



A statue of a female union member breaking a window is part of a union display in Flint commemorating the Flint sit-down strike in the 1930s.

income as the average male union worker earned in 2014."

Perry said there was an 18-percent gender pay gap at President Barack Obama's White House in 2014, and Hillary Clinton, while senator, had a 28-percent gender pay gap for her staff members.

"Karla Swift and the feminists can't have it both ways, either: a) there are gender pay differences throughout the entire economy and in any organization including for union workers in America, which can be explained by factors other than gender discrimination including age, years of continuous work experience, level of education, number

of hours worked, marital status, number of children, workplace environment and workplace safety, industry differences, etc., or b) any gender pay gap in aggregate, unadjusted salaries automatically exposes gender discrimination — including for union workers — and Swift then needs to explain why labor unions are 'waging a war on women' by paying them 11 percent less on average than men," Perry said.

Charles Owens, state director of the National Federation of Independent Business, said the debate on the salary gender gap has become "a battle of the studies."

Owens said he believes the gap is based on career choices made by men and women as well as levels of education and hours worked.

"More women work part time than men," Owens said.

Childbearing that translates to time off work also factors into total compensation, Owens added.

"These are choices these folks make that puts them at a disadvantage," he said. "The real concern from equal-pay advocates is that the issue will disappear on its own before they can create a government agency to regulate it." ■

*The original version of this story was posted online on April 16, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21213](http://MichCapCon.com/21213).*

# Illegal Strike by Detroit Teachers Shuts Down 18 Schools

BY TOM GANTERT

Hundreds of Detroit public school teachers broke the law Thursday when they skipped school to protest Gov. Rick Snyder's announcement in Lansing proposing an overhaul of the Detroit public school system. The action caused 18 Detroit public schools to close and more than 12,000 students to miss a day of classes.

The action is considered a strike, which is illegal for government employees in Michigan, according to Patrick Wright, senior legal analyst for the Mackinac Center for Public Policy.

On the Detroit Federation of Teachers' website, the union urged all DPS employees to go to Lansing April 30 and stated school employees would be using a personal business day while at the protest.

But Wright said it was not simply a day off for teachers.

"This was a strike," Wright said. "The personal days claim is a ruse. This was a concerted activity and highly illegal."

Here is how such actions are defined by the relevant law, the Public Employment Relations Act:

(j) "Strike" means the concerted failure to report for duty, the willful absence from one's position, the stoppage of work, or the abstinence in whole or in part from the full, faithful, and proper performance of the duties of employment for the purpose of inducing, influencing, or coercing a change in employment conditions, compensation, or the rights, privileges, or obligations of employment.

The next paragraph of the statute makes clear that it does not prohibit a government employee from expressing a grievance or opinion as long as it "does not interfere with the full, faithful, and proper performance of the duties of employment."

However, the law also establishes that enforcement of the law requires the public employer — in this case, DPS — to initiate proceedings with the state Michigan Employment Relations Commission. Since the

process is extremely onerous, the practical effect is to make it unlikely that these teachers will suffer any consequences for closing their schools. A number of bills have been introduced in recent years to streamline the enforcement process, but none have been adopted into law.

Ivy Bailey, the executive vice president of the Detroit Federation of Teachers, posted on the union's website:

Gov. Snyder did not listen to the Coalition for the Future of Detroit School Children and the more than 100 political figures, education experts and community leaders who spent three months developing these initiatives. We need to support this plan.

The time is now. If we are to save the Detroit Public Schools, our livelihoods and our pensions, we MUST begin in Lansing.

Once again, the students, parents and teachers don't have any details about a plan that's going to affect us.

This Legislative Education Action Day is sponsored by AFT Michigan and allows us to make our voices heard. It will be a personal business day well used. We want to get 50 percent of DFT members to attend. This invitation is extended to all DPS employees. Further details and bus information to come.

Sen. Rick Jones, R-Grand Ledge, said he didn't have the legal expertise to say for sure if the Detroit teachers participated in a strike.

"My gut feeling was this was a strike action," Jones said. "There was absolutely no reason for the Detroit teachers to leave their duty and bus down to Lansing. If they want to protest, there are many ways to do it, but it's not skipping work. That is not forgivable. You left 18 schools full of children who got no education today so you can come down and protest the governor who is trying to save your school system. There was absolutely no excuse for

abandoning their schools and abandoning their duty. You don't abandon your post. That's what happened today and it is pretty shocking. Eighteen schools had no education for children."

According to Detroit Public Schools, the 18 schools that closed April 30 were Pasteur, Brewer, JR King, Western, Mackenzie, Ron Brown, Bates, Wright, Nichols, Neinas, Dixon, Sampson, Frederick Douglass, DCP@NWHS, Durfee, Gompers, Emerson and Thirkell. School profile reports have 12,206 students attending those schools this year.

Officials with the Detroit Public Schools' Emergency Manager, Snyder's office and the Michigan Department of Education did not respond to requests for comment. ■

*The original version of this story was posted online on May 1, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21263](http://MichCapCon.com/21263).*

# Obamacare Exchange: Michigan Dodged a Bullet

BY JACK MCHUGH

In a news story titled "Nearly half of Obamacare exchanges are struggling over their future," The Washington Post reports the following:

Nearly half of the 17 insurance marketplaces set up by the states and the District under President Obama's health law are struggling financially, presenting state officials with an unexpected and serious challenge five years after the passage of the landmark Affordable Care Act.

Many of the online exchanges are wrestling with surging costs, especially for balky technology and expensive customer-call centers — and tepid enrollment numbers. To ease the fiscal distress, officials are considering

raising fees on insurers, sharing costs with other states and pressing state lawmakers for cash infusions. Some are weighing turning over part or all of their troubled marketplaces to the federal exchange, HealthCare.gov, which is now working smoothly.

That last claim — "the federal exchange is now working smoothly" — is a stretch, given that important parts of the "back end" of the process by which subsidies are determined and insurance companies are paid (or not) are still "under construction," but I quibble. The important fact for Michigan is that our Legislature did not create a state exchange, and in consequence likely avoided a mountain of grief.



Longtime, free-market health policy analyst John Goodman explains in Forbes why the exchanges are (and always will be) struggling, with a state-by-state roundup of their specific woes.

Michigan came close to creating a state Obamacare

exchange. The Senate passed a bill to do so, and only in the waning days of the 2011-12 legislative session did the House leadership capitulate to the reality of a reluctant Republican caucus. (The House Speaker hadn't yet got in the

habit of violating the "Hastert rule" and rolling the caucus majority by passing bills with Democratic votes, which is how Medicaid expansion became law the following year.)

There are no "wooden stakes" in Lansing though — bad policy proposals never die. If the U.S. Supreme Court rules in June that Obamacare subsidies can only be provided through an exchange created by a state, we can expect an explosion of pro-Obamacare activism pressuring Michigan legislators to "fix the problem" by creating a state exchange. ■

*The original version of this story was posted online on May 1, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21265](http://MichCapCon.com/21265).*



## Manufacturing Jobs Set to Surpass Government Jobs in Michigan for First Time in Years

BY TOM GANTERT

For the first time in 110 months, the number of manufacturing jobs could exceed the number of government jobs in this state, according to data from the federal Bureau of Labor Statistics.

As of February 2015, the latest period for which data is available, there were 593,300 government jobs in Michigan and 593,100 manufacturing jobs.

Employment in Michigan took a beating during the 2000s, said Michael LaFaive, director of the Morey Fiscal Policy Initiative for the Mackinac Center for Public Policy, in an email.

“Manufacturing was just one industry that was hit hard,” LaFaive said. “Finally after eight long years, manufacturing employment is poised to once again exceed government employment in Michigan.”

In the 1990s, Michigan manufacturing jobs consistently outnumbered government jobs. That ended in September 2005, when BLS statistics showed 675,000 government jobs and 674,000 manufacturing jobs in the state. The figures shifted slightly during the next two months

before tilting over on a long-term basis in December 2005. Starting that month, government jobs exceeded manufacturing jobs, and kept that edge for the next 111 months.

The most recent figures are from February of this year, when Michigan manufacturing jobs were just 200 fewer than the number of government jobs. The largest employment gap between the two sectors came in June 2009, when there were nearly 227,000 more government jobs than manufacturing jobs.

Mark Perry, a scholar at the American Enterprise Institute and a finance and business professor at the University of Michigan-Flint, said there were several reasons for a rise in manufacturing in Michigan.

Perry said the auto industry recovered from the 2009 Great Recession due in part to a general economic recovery. The industry was further boosted by the lowest auto loan interest rates in at least 50 years, leading to strong auto sales.

Michigan government employees include those who work for the local, state and

federal government as well as universities and colleges and K-12 school districts. Manufacturing includes all the factories in Michigan.

“As the auto industry has recovered, so had the demand for autoworkers, which has helped boost Michigan manufacturing payrolls to the highest level in nearly seven years, going back to early 2008,” Perry said in an email.

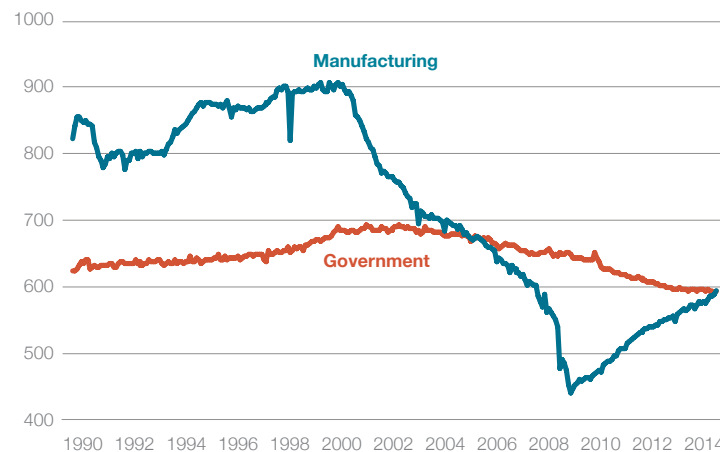
He said not many recognize that the Great Recession caused the public sector to contract and downsize.

“For example, compared to pre-recession peaks in 2007, there are 131,000 fewer state government jobs nationally, 195,000 fewer federal employees, and 524,000 fewer local government employees. Together, that means there are about 850,000 fewer government employees today than in 2007,” Perry said.

LaFaive said during the early 2000s, Michigan’s economy slumped while the national economy improved.

“That is what made the period unique,” he said. “Typically Michigan does

### Michigan Employment



Source: Bureau of Labor Statistics

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well when the nation does well. I would suggest that the decline in the state’s economic fortunes was unusually deep in part due to many of the policies the Legislature and governors of that decade adopted, including large tax and fee hikes, regulation hostile to commerce and reliance on corporate welfare subsidies. In addition, an air of uncertainty was created for business leaders as lawmakers scrapped a hated and onerous Single Business

Tax for the hated and perhaps more onerous Michigan Business Tax.”

There has been dramatic improvement in Michigan’s public policy landscape, LaFaive said, pointing to the right-to-work law and business tax cuts. ■

*The original version of this story was posted online on April 15, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21206](http://MichCapCon.com/21206).*

## Here’s How Much Michigan’s ‘Prevailing Wage’ Law Costs Your School District

BY JACK SPENCER

Michigan’s “prevailing wage” law costs residents more than \$224 million each year, according to the Anderson Economic Group. Now there’s a website that brings the impact of that even closer to home.

Created by the Associated Builders and Contractors (ABC) of Michigan, the new site, [www.TimeForRepeal.com/waste-calculator/](http://www.TimeForRepeal.com/waste-calculator/), lets people learn the cost of prevailing wage mandates for individual school districts. ABC of Michigan, which represents commercial, governmental and industrial construction industries, has

consistently advocated for eliminating the state’s prevailing wage law, which essentially requires construction firms doing work for the government to pay union scale wages and follow union work rules.

“Unlike 44 other states that either have no prevailing wage or that attempt to use more market-driven practices found in the private sector, Michigan’s prevailing wage law mandates that union agreements supersede all other work rules and wage classifications on government construction,” ABC Michigan President Chris Fisher said. “Repealing the prevailing wage

seems to be taking the region by storm. Indiana has repealed the prevailing wage and its governor Mike Pence is about to sign the repeal into law. Ohio has already gotten rid of the prevailing wage on school construction and in Wisconsin Scott Walker is



expected to include some sort of action on prevailing wage in his legislative agenda.”

In Michigan, House Bill 4001, sponsored by Rep. Amanda Price, R-Holland, would repeal the law and on the Senate side Senate Bill 3, sponsored by Sen. David Robertson, R-Grand Blanc, would do the same. There are also numerous bills sponsored by other lawmakers that address various aspects of the issue. Senate Majority Leader Arlan Meekhof, R-West Olive, has announced that Senate hearings on repealing the prevailing wage will begin soon.

As part of negotiations that led to Proposal 1 being placed

on the May 5 ballot, Gov. Rick Snyder reportedly pledged not to sign any bill that would repeal the prevailing wage requirement. The extent to which that commitment remains in force now that Proposal 1 has been rejected by the voters is unclear.

Michigan Capitol Confidential asked Fisher to comment on Snyder’s pledge.

“We think repealing the prevailing wage is an issue the Legislature should be taking up and deserves to be under discussion,” Fisher said. “Lansing is definitely in search of solutions right now.”

## ROAD FIXES

from Page One

### Current road funding: \$159.5 million

The general fund budget already dedicates extra cash for roads. Legislators spent \$284 million of this money on roads last year, and preliminary budgets recommend another \$159.5 million this year. This spending can be continued.

### Michigan Economic Development Corp. (MEDC): \$230 million

The effectiveness of the state's corporate welfare arm is questionable (at best) and past programs are projected to cost the state over \$9 billion sometime in the future. Just cutting the MEDC's current operating budget would save almost \$160 million. But past tax incentive deals could be renegotiated, which would free up even more money.

At the very least, the Legislature should eliminate the most ineffective MEDC programs. The \$50 million film incentive is roundly criticized by independent economists and has had lackluster results. The 21st Century Jobs Fund (\$75 million) has never made good on its promises.

### Indian Gaming Compact: \$43.6 million

This is revenue from casinos that currently supports the MEDC. It should be redirected to a better economic development strategy: good roads. This may again require renegotiating compacts or having the MEDC reprioritize its spending.

### Bus Transit: \$167.4 million

Some of the taxes paid by people who drive their own vehicles subsidize people who take the bus. Considering this and local tax revenues for transit, bus fares cover only 13 to 18 percent of operating expenses.

### Amtrak: \$24.6 million

Last year, the state kicked in \$98 per roundtrip passenger to subsidize multiple Amtrak routes. Revenue per mile for Amtrak is very low, and passengers are typically wealthier than the taxpayers supporting them. Amtrak should raise its rates and stand on its own.

### Freezing education spending: \$255 million

Spending on K-12 districts is the bulk of this, but universities and community colleges are also set to receive more money in 2016. As enrollment continues to decline, districts would still have more state support per student if the Legislature freezes the School Aid Fund.

It is true that SAF money may not be used for road repair, but the proposed budgets for 2015-16 dedicate \$159 million from the general fund for school aid. This

amount could be redirected to roads. Further, more than \$1.2 billion of the general fund supports public universities. Legislators could use SAF money for higher education and shift some of this general fund money to roads.

### University appropriations: \$637 million

While individuals can boost their job and income potential by earning a college degree, there is little evidence that state spending on colleges leads to more graduates or better economic results. With this in mind, legislators could reduce the more than \$1.5 billion spent on university appropriations and make the funding process fairer.

For example, the Legislature could equalize appropriations for public universities. Per-pupil support for Michigan's 15 public universities ranges from \$2,747 to \$11,561 depending on the institution. Equalizing state funding at the average per-pupil subsidy, \$4,121 annually, would save \$637 million.

### One-time appropriations

The Legislature should review budget line items that have received multiple "one-time" payments. This includes money to farmers markets, the Senior Olympics, "agricultural incubators" and "regional prosperity grants." If they are really one-time expenditures, then they should be stopped the following year, but many of these keep getting extended. These don't amount to much in the big scheme of things, but every pothole filled helps.

### Rainy day fund

This is a one-time source of money, not ongoing, but if fixing the roads is truly a matter of life or death as some maintain, some of this \$616 million fund could be reapportioned to help pay for road improvements.

Another option is the 2014 plan passed by the state House. It proposed gradually raising the state gas tax while gradually exempting fuel purchases from the sales tax. This would prioritize future revenue increases to roads, and eventually shift around \$1 billion of future tax revenue. Combining this plan with some of the options above would provide much needed money for road funding.

The complexity of Prop 1 makes it difficult to diagnose the reasons for its failure. But the roads need to be fixed, and the Legislature should find a solution. ■

*The original version of this story was posted online on May 16, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21296](http://MichCapCon.com/21296).*

## WATER LEVELS

from Page One

The 2000 to 2013 low-water level period of the Great Lakes cycle lasted a few years longer than the declines that began in 1926 and 1964. It also became politicized. Former Gov. Jennifer Granholm seized the issue and made it her own.

Legislative hearings were held in the Michigan Capitol, at which testimony attesting to the severity of the alleged crisis was taken. A bevy of laws — some quite draconian — were passed, supposedly to address the situation. A coalition led by the group Clean Water Action demanded that Michigan bottled water companies be required to sell at least 95 percent of their water within the Great Lakes basin.

The Granholm administration imposed a moratorium on bottling plants and restricted the sale of water out of state from Nestle Inc. It eventually backed down.

Geologists, such as those at the United States Geological Survey say that fluctuations of Great Lakes water levels were far more extreme in the past than in modern times. However, these geologists and other experts who have spent their careers studying the sedimentary evidence (going back centuries) of changing water levels were not invited to speak at any legislative hearings.

"It became pretty clear that they weren't interested in anybody who might disagree with their preconceived position on this and the outcome they were aiming at," said Sen. David Robertson, R-Grand Blanc, who was a House member when the issue of a possible water shortage in the Great Lakes basin was in the legislative limelight. "It always seemed to me that things like the weather are influenced by forces far beyond what the Legislature can do anything about. Making hasty decisions based on what was happening short-term, when longer-term natural fluctuations were involved, such as occur with Great Lakes water levels, made absolutely no sense, and I said so at the time."

Throughout the early and mid-2000s, Todd Thompson, then an associate scientist with the Indiana Geological Survey, an institute of Indiana University, was interviewed several times by MIRS newsletter in Lansing. In those interviews Thompson asserted that the variation the Great Lakes were showing was not atypical and that the fall in lake levels from the high levels of 1986 were the same as in the recent previous cycles.

"In the media and politics a lot gets said and written, but the actual data rarely gets shown," Thompson said in one interview.

"I try to give as many talks to groups as possible. I tell them I want to give them a perspective that goes beyond their lifetimes."

"I'm beginning to think the problem is that we have engineers who don't believe any measurements unless they've taken it themselves in the last six minutes," Thompson also told MIRS. Conveying his importance of taking the long view, he said, "is an uphill battle."

In September 2005, the Granholm administration was trying to restrict the ability of the Nestle Ice Mountain water plant in Mecosta County to export its product outside of the Great Lakes basin. Newt Gingrich, former speaker of the U.S. House of Representatives, stopped over in Michigan and criticized what was going on.

"You're surrounded by the largest collection of water in the world," Gingrich said. "Do you know how ideologically out of touch with reality you are if you've concluded that Michigan could run out of water?"

Geologists say about 4,500 years ago Lake Michigan-Lake Huron had two outlets, one where Port Huron is today and the other close to where Chicago is now located. Between 4,500 and 3,400 years ago, the lake level fell nearly 15 feet and the outlet at what is now Port Huron began handling the entire discharge of the Great Lakes. This marked the beginning of the modern phase of the Great Lakes.

Thompson has written that Lake Michigan-Lake Huron is subject to regular water level cycles that vary between 28 and 37 years. His data shows that from 3,400 years ago to the present, the upper limit of Lake Michigan-Lake Huron reached an elevation of 1.5 to 3.5 feet above the historical average and about 1.5 feet below. Two prominent highs occurred from 2,300 to 3,100 years ago and then from 1,100 to 1,900 years ago. The lowest lake levels of the modern lake phase occurred about 1,000 years ago, corresponding with the medieval warming period, which took place approximately between the years 800 and 1200.

Clean Water Action of Michigan was contacted and asked: In light of the rebound of the Great Lakes water levels, could it now be said that your call to limit bottled water sales outside of the Great Lakes basin was shortsighted?

So far there has been no response. ■

*The original version of this story was posted online on Apr. 17, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21216](http://MichCapCon.com/21216).*



# Fix Disparities in Public University Funding in Michigan

The way the state spends \$1.5 billion on higher education is unfair

BY JARRETT SKORUP

There has been a lot of talk recently about closing the foundation allowance gap between K-12 school districts in Michigan. This gap effectively ranges from \$7,251 to \$8,099 per pupil.

But what about closing the funding disparity among Michigan public universities? The gap is huge: Funding for the state's 15 public universities ranges from \$2,747 to \$11,561 per student.

The bulk of federal funding universities in Michigan receives is in the form of Pell Grants, which are awarded to students based on their financial need which they use for the school that they wish. Other federal funding comes via grants that universities have to apply and compete for.

The state, on the other hand, largely funds universities through an appropriation process that is largely arbitrary. And this is real money: Gov. Snyder's budget calls for spending more than

\$1.5 billion on public universities next fiscal year.

Beginning in fiscal year 2012-13, the state did finally begin to consider some important factors when deciding how to allocate university spending. But much more needs to be done.

In 2013-14, universities received 50 percent of the appropriation based on what they've historically been given — which means half of state funding isn't based on anything important. Of the remaining, 11 percent is based on graduating students in areas of "critical skills" (a wide range of areas). Roughly 6 percent of funding is for "research and development expenditures" (which leaves out eight public universities).

The remaining 33 percent of the state funding appropriated is based on four areas where Michigan universities are judged against their national peers. This includes the six-year

graduation rate, total number of degrees, administrative efficiency, and the total number of Pell grant students.

While this is better than the totally random way funding was given out in the past, there are still problems. The formula is flawed, basing only a small percentage of state funding on things that actually matter.

Grand Valley State University scores second-highest on the state's "performance funding" measurements and Wayne State University scores the lowest. By most objective measures, the former is doing a better job than the latter — but WSU still gets far more money from taxpayers.

Consider that Wayne State (20,108) and Grand Valley (20,825) have nearly the same number of resident full-time students — but the former receives more than three times as much money (\$191.1 million compared to \$64.4 million).

## Michigan Public Universities State Appropriation Per Student

University	Appropriation per student	Students*	State appropriation
University of Michigan	\$11,561	24,153	\$279.23 million
Wayne State University	\$9,121	20,108	\$183.40 million
Michigan Tech University	\$8,440	5,151	\$43.47 million
Michigan State University	\$6,682	37,353	\$249.60 million
Northern Michigan University	\$6,267	6,660	\$41.74 million
Lake Superior State University	\$5,932	2,062	\$12.23 million
Western Michigan University	\$5,315	18,302	\$97.28 million
Ferris State University	\$4,121	11,075	\$45.64 million
Eastern Michigan University	\$3,951	17,017	\$67.28 million
University of Michigan-Dearborn	\$3,736	6,025	\$22.51 million
Central Michigan University	\$3,604	20,404	\$73.54 million
University of Michigan-Flint	\$3,213	6,205	\$19.94 million
Saginaw Valley State University	\$3,191	8,144	\$25.99 million
Grand Valley State University	\$2,777	20,825	\$57.82 million
Oakland University	\$2,747	16,621	\$45.65 million

\*2013-14 Fiscal Year Equated Resident Students

Source: Michigan Higher Education Institutional Data Inventory (HEIDI)

mackinac.org



The six-year graduation rate at GVSU is 66 percent compared to 28 percent at WSU. The average student tuition paid per degree

awarded at GVSU is \$63,722 while Wayne State takes in over \$108,000 in tuition per bachelor's degree.

See "Fix Disparities," Page 12

# Detroit Education Overhaul Would Cost Other Schools \$50 Per Student

BY TOM GANTERT

Gov. Rick Snyder says his vision of the new Detroit public school system does not represent a bailout because it doesn't ask for more taxpayer dollars. But one study says that school districts around the state will have to chip in \$50 per pupil, which some superintendents aren't happy about.

Snyder has proposed creating a new "Detroit Education District" to operate all public schools in the city. Alongside of this entity, the current Detroit school district would be retained in a purely administrative role for the purpose of paying off the massive debt it has accumulated.

Money to service the debt would come from \$72 million in annual city property tax millage revenue the district now collects. Since that money would no longer be available to operate the schools, the state would have to pick up the difference.

The governor says this would not be a bailout because no extra taxpayer dollars would be requested. However, the extra funding must come from somewhere, and apparently that means the state's other 544 school districts.

The administration addressed the bailout issue in a Frequently Asked Questions feature posted on a state website. It explains that the money to run Detroit's schools would come from the \$11.5 billion in taxpayer revenue

that flows into the state School Aid Fund. Along with local property tax revenue, this fund covers the annual expense of operating the state's K-12 schools.

The Citizens Research Council estimates that if taxes are not raised, every other school district in the state would have to take a \$50 per-pupil cut to make up for the additional revenue going to Detroit.

That doesn't sit well with some K-12 public school superintendents, who say that given the level of their district's per-pupil foundation allowance, which pays for general operations, they're strapped.

"Not good news," said Midland Public Schools Superintendent Michael Sharrow in an email. "Seems

as if some districts are being punished to benefit others."

Clarkston Community Schools Superintendent Rod Rock said Snyder's plan equates to a \$400,000 per year loss to his district.

"It is unreasonable for our students, and the students in other districts across our great state, to assume the burden of Detroit's debt," Rock said in an email. "The process suggested by the governor is currently enacted in a few other Michigan school districts. This means that all Michigan districts already lose funding for the debts of these districts. A further erosion will increase class sizes and reduce programs for all kids. The children of Detroit require an excellent education. And so does every other child

in Michigan. This proposal detracts from every child's education."

Audrey Spalding, the education policy director for the Mackinac Center for Public Policy, said Snyder's proposal didn't appear to ask for a tax increase.

"There is no tax increase, but every other school district in the state will be bailing out DPS," Spalding said. "This plan doesn't do anything to assure that DPS won't come back to state taxpayers again for more money." ■

The original version of this story was posted online on May 5, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21271](http://MichCapCon.com/21271).

## State's Cost of Teacher Pension System Quintuples

BY TOM GANTERT

Payments by the state of Michigan to cover the costs of its school employee retirement system have more than quintupled in just the past three years, and are approaching \$1 billion in the current year.

In the 2011-12 fiscal year, the state capped the amount that individual school districts must pay to the Michigan Public Schools Employees' Retirement System (MPERS) and kicked in \$155 million toward the annual cost of the system, which currently has an unfunded liability of \$25.8 billion. State payments have increased since, reaching \$796 million this year, according to the Senate Fiscal Agency.

The stress the system is placing on school districts can be seen in one of the recommendations of the "Coalition for the Future of Detroit Schoolchildren." The group says the state should exempt the Detroit school district from its share of these costs, which is estimated at around \$100 million this year. Coalition co-chair John Rakolta has called these commitments "a budget killer."

"It's a society killer," said Rakolta, the CEO of Walbridge construction. "Society can't afford them anymore. Who gets penalized? Kids. ... These kids are being penalized for all the retired teachers. This is on a statewide basis, not just Detroit."

Such a move would shift the costs from the Detroit district to other school districts and statewide taxpayers. Rakolta said the coalition did feel some pressure to not make any mention of the retirement system in its proposal, and it never considered calling for the state to replace the defined-benefit pension with a 401(k)-type defined-contribution plan for new employees.

But Detroit is hardly the only district feeling the pinch from pension obligations, and there are some indications that the costs are causing other public school officials to begin thinking about alternatives.

Christine Stead, an Ann Arbor school board member, said switching to a 401(k)-type plan could be done, but only if teachers' compensation were increased.

"Moving to a defined contribution retirement benefit model makes sense if we address the compensation model in a comprehensive manner," Stead said in an email. "Moving toward private market models should include retirement and compensation. We often hear that we need

to run our schools more like a business. Businesses pay competitive wages, control their revenue and costs and contribute to retirement savings plans, often in the form of a 401(k) savings account."

John Ellsworth, a high school teacher at Grand Ledge Public Schools, said he wants the defined-benefit annual pension plan that he signed up for when he became a teacher. He also said the entire compensation of teachers should be considered if there were any switches required under a reformed pension system.

"I felt called to be a teacher, and I accepted the financial deal: moderate salary, good benefits, and a secure retirement," Ellsworth said in an email. "In Michigan, that financial deal is eroding. The moderate salary is deteriorating (especially for new teachers). Instead of being provided good benefits, teachers are now contributing more and more to maintain okay benefits (and thus deteriorating take-home pay even more). The secure retirement is now under assault too. Instead of the retirement benefit being something that was earned, it often is called a 'legacy cost.' So, when you ask what would it take for teachers to sign off on switching to a defined-contribution plan, I have to look at the entire financial deal."

"Personally, I'm not interested in switching; I made my career and life choices based on the financial deal that existed. I still bristle with the negative changes that have already happened to that financial deal. I want my secure defined-benefit retirement because that was part of the financial deal. If Michigan wants to attract the best and the brightest into the field of education, then the financial deal must be good enough to do so. I think looking at retirement in isolation will not lead to teachers signing off on a switch. Besides, teachers like security, routine, and independence; teachers would be more uncomfortable having to rely on the stock market for their retirement," Ellsworth said.

James Perialas, a teacher and president of the Roscommon Teachers Association, said he understood that defined benefit retirement programs are unsustainable but said that the state should continue them since that is what was promised.

"If you think about it, they either have to run like a 'ponzi' scheme where new employees finance the old ones or they have to be supported (subsidized) by the

See "Teacher Pension," Page 12

## Law that Made School Employees Pay More for Health Insurance Saved \$1.3 Billion

BY TOM GANTERT

Statewide caps on government employee health insurance have saved Michigan public school districts a total of \$1.3 billion since the 2010-11 school year, according to an analysis done by the Mackinac Center for Public Policy. The caps were implemented by a 2011 law.

Districts spent \$1.91 billion on employee health insurance in 2010-11, the year before Gov. Rick Snyder signed the new law. It imposed either a "hard cap" on how much schools could spend on health insurance, or required employees to pay at least 20 percent of the premiums. The cost to school districts has dropped each year since, to \$1.69 billion in 2011-12, \$1.53 billion in 2012-13, and \$1.46 billion in 2013-14.

In 2009, the average Michigan public school teacher paid just 4 percent of the premium cost for a family plan, compared to 22 percent on average in the private sector. Before the new law went into effect, teachers in 300 school districts contributed nothing toward the cost of their health insurance premiums.

Leon Drolet, chair of the Michigan Taxpayers Alliance, said the situation before the new law raised troubling questions about who was watching out for taxpayers in local public school districts.

"This demonstrates that school administrators work to benefit union employees far more than they work to benefit the kids they are supposed to be educating," Drolet said. "School administrators don't negotiate with unions, they collude with unions to give them lavish benefits. It's really sad they only work to save taxpayers' money when they are forced to do so by law. This demonstrates how much money has been wasted that could have been put toward the kids."



Dansville Superintendent Amy Hodgson said her district has saved \$736,873 from 2010-11 to 2013-14 after it dropped Michigan Education Special Services Association (MESSA) insurance for a different high-deductible plan. Because the district chose a "hard cap" on its costs, school employees haven't had to pay any health insurance premiums.

"I do think these changes were made possible when the Legislature changed the law," Hodgson said in an email.

Michael Sharrow, superintendent at Midland Public Schools, said the state mandate that school employees take on more of a share of health insurance costs was "good legislation."

But Sharrow said teacher compensation was a "major issue" and something that needed to be discussed.

"For example, a starting teacher who attended four years at a university spending \$100,000 to enter a field where their salary is \$34,000 and they pay for health care, retirement and normal taxes — leaving them at or near poverty," Sharrow said in an email. "Not a good investment — who is going into education today?" ■

*The original version of this story was posted online on April 8, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21183](http://MichCapCon.com/21183).*

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# There Was Never a \$470 Per Pupil Education Funding Cut in Michigan

BY TOM GANTERT

This year, the Huron Valley School district in Oakland County will get \$7,126 per student under the state of Michigan's "foundation allowance" funding formula. Foundation allowance money is the main revenue stream flowing into Michigan public schools each year, but by no means is it the only one.

For example, Huron Valley will get another \$12.4 million from the state, or \$1,293 per student, in so-called "categorical" funding. This money covers things like employee pension benefits, special education, school lunch subsidies and even a program to teach students how to build a robot in six weeks. These "categoricals" add an additional 18 percent to the district's annual budget.

Yet those who advocate for higher spending rarely include the categorical grants when describing school funding, often leaving the impression that the foundation allowance is all the money districts get.

The most recent example comes from Kathy Hayes, executive director of the Michigan Association of School Boards. In a recent MLive op-ed promoting the Proposal 1 sales

tax hike on the May 5 ballot, she claimed that K-12 school funding was cut in the 2011-2012 school year. The claim ignores all the funding districts get beyond the foundation allowance.

"Lastly, schools will see an increase in funding as part of this ballot proposal," Hayes wrote. "While the largest portion of the revenue generated will go to roads as it should, including money for schools that are still trying to make up the \$470 per pupil loss in 2012 is much needed relief."

This oft-repeated figure ignores the categorical grants schools get every year. When that revenue was added to the foundation allowance, school funding actually went up in 2011-2012.

In addition, even the alleged "\$470 per-pupil decrease" in foundation allowance grants was not accurate for the vast majority of school districts. The 2011-2012 school budget was the first enacted during the administration of Gov. Rick Snyder, and among other things, it included extra grant dollars for schools that adopted four out of five management "best practices." There were 714 school districts and charter schools that

year that got an extra \$100 per student for doing so.

Hayes said she appreciated a chance to comment but added in an email, "we probably won't agree on this issue."

The foundation allowance shifts from that year are covered by a Senate Fiscal Agency report, while another more comprehensive report from the agency shows that state dollars going to K-12 schools have increased every year under Snyder. In 2011-12, the state contributed \$9.2 billion to the K-12 School Aid Fund, an increase of \$300 million over the previous year.

"School officials repeatedly ignore billions of additional education spending in Michigan," said James Hohman, assistant director of fiscal policy for the Mackinac Center for Public Policy. "They need to stop complaining about illusory cuts and acknowledge taxpayers' generosity." ■

*The original version of this story was posted online on April 7, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21182](http://MichCapCon.com/21182).*

Michigan school aid funding history.

SENATE FISCAL AGENCY								SCHOOL AID FUNDING HISTORY		Updated: 06/25/2014
Fiscal Year	Full-Time Equated Positions (FTEs)	Interdepartmental Grants Received (IDGs)	Federal Funds	Local and Private Funds	State Restricted	General Fund	Gross			
FY 2000-01	N/A	\$0	\$160,000,000	\$0	\$10,346,671,500	\$385,613,500	\$10,892,285,000			
FY 2001-02	N/A	0	209,584,700	0	11,022,148,200	198,413,500	11,430,146,400			
FY 2002-03	N/A	0	1,219,825,200	700,000	11,085,138,100	249,413,500	12,555,076,800			
FY 2003-04	N/A	0	1,316,681,900	0	10,730,437,100	377,850,000	12,424,969,000			
FY 2004-05	N/A	0	1,353,540,100	0	10,948,322,200	165,200,000	12,467,062,300			
FY 2005-06	N/A	0	1,392,587,300	0	11,245,313,200	62,714,000	12,700,614,500			
FY 2006-07	N/A	0	1,411,236,900	0	11,561,963,200	35,000,000	13,008,200,100			
FY 2007-08	N/A	0	1,476,003,900	0	11,386,866,600	34,909,600	12,897,780,100			
FY 2008-09 <sup>a)</sup>	N/A	0	2,162,008,600	0	11,019,798,200	78,000,000	13,259,806,800			
FY 2009-10 <sup>b)</sup>	N/A	0	2,062,382,800	0	10,644,891,500	30,206,200	12,737,480,500			
FY 2010-11 <sup>c)</sup>	N/A	0	2,178,333,300	0	10,784,760,500	18,642,400	12,981,736,200			
FY 2011-12 <sup>d)</sup>	N/A	0	1,658,031,800	0	11,010,210,400	78,642,400	12,746,884,600			
FY 2012-13	N/A	0	1,701,041,400	0	10,928,614,200	282,400,000	12,912,055,600			
FY 2013-14	N/A	0	1,816,158,800	0	11,356,232,300	149,900,000	13,322,291,100			
FY 2014-15	N/A	0	1,808,162,700	0	11,947,262,900	114,900,000	13,870,325,600			

<sup>a)</sup> Includes \$600.0 million in Federal ARRA State Fiscal Stabilization funds.

<sup>b)</sup> Includes \$450.0 million in Federal ARRA State Fiscal Stabilization funds.

<sup>c)</sup> Includes \$184.3 million in Federal ARRA State Fiscal Stabilization funds and \$316.3 million in Federal Education Job funds.

<sup>d)</sup> Includes one-time funding of \$455,500,000 Gross and State Restricted.

# Lansing Schools: MEA President Steve Cook's Deal Never Considered 'Long Term Thing'

BY TOM GANTERT

In 1993, Steve Cook was a Lansing School District paraprofessional working 25 hours a week. That was before he made a deal with the district allowing him to go to work full time for the state's largest teachers union but still rack up "service time credits" toward his school pension. The deal even allowed Cook to make his union salary the basis on which the eventual payout from his government pension would be based.

Nearly 25 years later that agreement has paved the way for Cook to collect a school pension estimated at \$105,000 a year when he retires, despite working just 15 years in a part-time school position. In 2014 Cook collected a \$201,613 salary as the president of the Michigan Education Association. The MEA reimbursed the Lansing School District for its costs, though it did not reimburse the state for the amounts it pays to "catch up" on past pension underfunding.

The former Lansing School District superintendent who approved that deal said at the time the district never envisioned Cook would remain on leave for decades. Richard Halik, who signed the 1993 contract, said that when he realized Cook wasn't returning after the first three years he

tried to change it so the district could opt out, but Cook refused to sign a new deal.

"We would have seen this as a short-term kind of thing of cooperating with the MEA," Halik said last week in a phone interview. "We had an employee elected to a high post. We would have looked at it as short term. It wouldn't have been in our mind to go on forever."

Michigan Capitol Confidential has received a copy of that agreement in response to a Freedom of Information Act request.

Halik said the contract provision responsible for the unanticipated outcome was the phrase "shall be renewed." When the contract was up for renewal at the end of the first three years, the district approached Cook, who by then was a full-time union official, about changing the wording to "may be renewed," but he refused.

"That one teeny word," Halik said referring to "shall." "We were kind of trapped, legally. A deal is a deal." In March, the Lansing School District also said they looked into getting out of the deal but could not.

Halik said he recalls the Cook contract 22 years later because it was "a unique situation."

He said Cook was a good employee who had a positive impact on the school and

See "Cook's Deal," Page 12



## PHOTO ID

from Page One

Board because an IBEW local requires him to present photo identification in order to exercise his right under Michigan's right-to-work law to quit the union. The charges were reported by the Washington Free Beacon.

The complaint states that on Oct. 1, 2014, IBEW Local 58 issued a new policy mandating that all members who want to leave the union must appear in person at the IBEW Local 58 office and show a picture ID. The office is 82 miles from the Croswell plant where Greene works.

Andy Dunbar, president of the IBEW Local 58 didn't return an email seeking comment.

Patrick Wright, senior legal analyst for the Mackinac Center for Public Policy, called the conflicting messages by the union "rank hypocrisy" and said it was just another example of a union trying to hold on to its power.

IBEW is not the only union to come out against photo IDs as a requirement to vote and then demand them of members wanting to leave the union.

The UAW Local 600 union, which represents truck drivers and other private sector workers, was also the subject of an NLRB complaint filed in

October 2014. That complaint alleged the union was requiring individuals who want to leave to do so in person, accompanied by a photo ID. ■

*The original version of this story was posted online on April 13, 2015. It is available with hyperlinks and more info at MichCapCon.com/21193.*

## FIX DISPARITIES

from Page Nine

When the university the state says is doing the second-best in providing value to students is receiving among the least amount of funding per student, there's something wrong with the formula.

The state currently does a poor job in determining how much money each university should get. A better path would be to simply give each Michigan student attending a public university a set amount of money to attend where they wish. This would be a much fairer system — each student, no matter which public university they choose

to attend, will have the exact same level of taxpayer support. Attaching a performance kicker — a bonus if a student actually graduates — would be even better.

The college receiving the median amount from the state is Ferris State University which gets \$4,121 per pupil in taxpayer funds. If Michigan funded its

other public universities at this rate per students, it would save more than \$600 million.

Universities always push back when the Legislature wants to base more of higher education on real performance measures. But when taxpayers are spending over \$1.5 billion, there should be metrics in place that ensure it is

being spent efficiently. The state has failed in this and it is time for a change. ■

*The original version of this story was posted online on April 28, 2015. It is available with hyperlinks and more info at MichCapCon.com/21239.*

## TEACHER PENSION

from Page Ten

taxpayers," Peralas said in an email. "If we were starting from scratch, in today's economic climate, pensions would never have been created. But, because

they were and are a 'promise' and in someways like a long-term contract, as a teacher currently under the system, I want what's coming to me."

Peralas said teachers have made retirement plans based on being told they would have a lifetime pension.

"Plans have been made for my retirement. I don't put nearly as much into a 403(b) as my private sector friends have. They have no pension, so therefore, they save more, or have employer contributions into a 401(k)," he said. The state should "bite the bullet"

and continue to pay pensioners what has been promised until "the last one is standing," Peralas said. "I want nothing less than what was promised."

None of the reform proposals to date, including one that passed the Michigan Senate in 2012, would require current employees

to switch to a defined contribution system. They all apply to new employees only. ■

*The original version of this story was posted online on April 9, 2015. It is available with hyperlinks and more info at MichCapCon.com/21192.*

## COOK'S DEAL

from Page Eleven

didn't create problems while he served as the president of the paraprofessional union.

"The union comes to us as management, and it's one of our employees who we like who has this opportunity," Halik said. "They asked, 'Would we cooperate and do this educator on loan?' You want a positive relationship with the MEA. You pick the hill you die on. We were going to be cooperative."

"No one would have ever dreamed this would be a

long term thing," Halik said. "Who would think he would be president of the MEA? He is not a certified teacher. We would not have intended this to be a long term thing. We would have never have been thinking of this issue of retirement. We wouldn't have entertained an idea that he is going to be there 20 to 30 years and making much more than a superintendent makes and it would impact his pension."

Robert Kolt, spokesman for the Lansing School District, said the district wouldn't talk about the status of Cook's contract

because the district didn't comment on human resources issues. Kolt said the district had no viewpoint or opinion on the contract.

Cook and the MEA didn't respond to an email seeking comment.

The 1993 Cook contract was "embarrassing" for the school district, said Patrick Wright, senior legal analyst for the Mackinac Center for Policy.

"This was a backroom sweetheart deal that the Lansing School District likely hoped would never see the light of day," Wright said.

Cook's arrangement with the Lansing School District is legal under the Public School Employees Retirement Act of 1979, which mandates that school districts engage in collective bargaining with school employee unions. Under that law, school employees who went on a "professional services leave" before Oct. 1, 1996 were allowed to credit their time on the job with a professional service organization toward their school pension.

The state's Office of Retirement Services said as many as 14 individuals may be eligible for deals like Cook's.

Iris Salters, the MEA president who preceded Cook, had a similar arrangement with Kalamazoo Public Schools, where she was employed for 32 years. Salters left Kalamazoo in 1999 and began with the MEA before retiring in 2011. Her state pension is \$140,000 per year, and like Cook's is based on the much higher pay she received as a high ranking union official. ■

*The original version of this story was posted online on May 18, 2015. It is available with hyperlinks and more info at MichCapCon.com/21305.*



# Michigan House Republicans Find \$1 Billion More for Roads with No Big Tax Hike

BY JARRETT SKORUP

After the defeat of Proposal 1, which would have imposed a \$2 billion tax hike and increased non-road government spending by \$600 million, House Speaker Kevin Cotter, R-Mt. Pleasant, promised to deliver a plan that increases road funding by re-prioritizing current spending and future state revenue growth.

House Republicans rolled out a plan on May 13 that would accomplish this, partly through spending cuts and partly by allocating increased revenue generated by the state's improving economy to road projects. The plan

also increases road builder warranty requirements and would eliminate the state Earned Income Tax Credit, which complements a similar federal subsidy for low-income households. The additional resources for roadwork would increase gradually, going into full effect in 2019.

Some \$185 million would be generated by spending less on corporate welfare. Republicans would stop appropriating \$75 million annually to the "21st Century Jobs Fund" program created by Gov. Jennifer Granholm. Some \$60 million in payments from Indian casinos would no

longer flow into the "Michigan Strategic Fund" under which the state's various corporate subsidy programs are organized, and \$50 million in annual subsidies to film producers would be terminated.

Launched in 2005, the 21st Century Jobs Fund has been a notable failure, repeatedly missing job creation promises and running into audit troubles. Under current arrangements, Indian casino payments to the state are not even appropriated by the Legislature but flow directly into the Strategic Fund's coffers, paying salaries there and at the Michigan Economic Development Corporation as

well. Since 2008 the state has delivered around \$500 million to film producers, while the number of full-time film jobs here has declined.

Another \$117 million would come from eliminating state payments to low-income households through the Earned Income Tax Credit. This would not affect the federal EITC payments on which the state program is based. (Michigan taxpayers kick-in an extra 6 percent that is added on to the federal benefit.)

Increased revenue from current taxes generated by economic growth would contribute around \$700 million

to the plan. Michigan's economy has been growing and state government revenue (not counting federal money) has increased almost \$3.7 billion over the past four years.

House Republicans would dedicate further revenue growth to roads first before increasing other state spending.

To go into effect, the plan needs to pass the House and Senate and obtain the signature of Gov. Rick Snyder. ■

*The original version of this story was posted online on May 14, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21298](http://MichCapCon.com/21298).*

## FORtheRECORD

### State Workers Use 4x as Many Sick Days

State of Michigan employees took an average of 10.7 days of sick leave during the 2014 fiscal year, according to an annual report. Those 10.7 sick days are in addition to 18 days of vacation time the average state employee used.



#### ForTheRecord says:

According to the most recent available U.S. Bureau of Labor Statistics figures, private sector workers took on average 2 to 5 sick days a year in 2009. Leisure and hospitality and construction workers took 2 sick days a year on average while education and health services workers took up to 5 sick days a year on average.

### Michigan Spending Up \$3.9 Billion Since 2011

The MLive editorial board has come out against a Republican House proposal that would fix Michigan's roads without raising taxes. MLive (which also endorsed the May 5 tax increase to which 80 percent of voters gave thumbs down) prefers a solution that includes a tax hike.

"Michigan cannot cut its way to prosperity," declared MLive in their editorial against the House GOP proposal.

#### ForTheRecord says:

From 2010-11 to 2014-15, annual spending by the state of Michigan has increased by \$3.9 billion overall. State spending during that span has increased by \$3.5 billion when federal dollars are excluded. Gov. Rick Snyder has increased state spending in each of the budgets he has recommended and signed.

Looking at just the spending paid for with revenue collected from state taxes, not federal money, Michigan spent \$26.27 billion in 2010-11 (Gov. Jennifer Granholm's last budget), \$27.35 billion in the 2011-12 fiscal year, \$27.85 billion in 2012-13, \$29.17 billion in 2013-14 and \$29.76 billion in 2014-15.

Overall, including all sources of revenue, the state's budget has increased from \$48.01 billion in 2010-11 to \$51.94 billion in 2014-15, an increase of \$3.93 billion.

### What Happened in Five Days?

On the March 6 episode of "Off the Record," State Rep. Rose Mary Robinson, D-Detroit, said she is a "left winger" who wants to eliminate Michigan's film credits.

"I know the Teamsters are interested in this bill," she said. "I usually do support labor when it creates jobs, but on this one I think I might deviate because in the past I've voted against packages that had that in there. I'm very much against corporate welfare. I love welfare for people, but not corporations."



#### ForTheRecord says:

On March 11, Robinson voted to continue the Hollywood subsidy, which gave \$40 million to Disney in 2013. Disney had \$4.8 billion in profits that year.

## PREVAILING WAGE

from Page Seven

Fisher said the data used by the new website are from the Michigan Department of Treasury.

“Treasury keeps track every time school districts go to the voters asking for

construction,” Fisher said. “Their records go back to 1996. From 7 percent to 7.5 percent of the costs are due to prevailing wage, so it is a very straightforward calculation to be able to find out the costs for every school district in the state from Alpena to Zeeland.”

“By the way, Zeeland passed a millage proposal for a project last night (May 5),”

Fisher continued. “If not for the prevailing wage, that \$106 million project would have cost \$98 million, which would have saved taxpayers \$8 million. Last night overall, in districts that approved millage increases, the prevailing wage cost taxpayers over \$25 million.”

The new website includes a “waste

calculator” that compares construction costs each district pays to what their costs would be if they were allowed to follow private sector standards. ■

*The original version of this story was posted online on May 12, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21284](http://MichCapCon.com/21284).*

## PENSION SPIKE

from Page Four

special Cook deal and began investigating other top union officials, the MEA has told other media outlets that it has made several “educator on loan” deals over the years. The MEA did not respond to a request for comment.

The arrangements of Cook and Salters are legal under the Public School Employees Retirement Act of 1979. School employees who went on a “professional services leave” before Oct. 1, 1996 were

allowed to use their time on the job with a professional service organization to earn more “service credits” with the school retirement system. Those employees were also allowed to use their salary with the private employer as the basis on which their school pension benefits are calculated.

The state Office of Retirement Services said between two and 14 individuals are eligible for deals similar to the ones used by Cook and Salters. However, the state also said the deadline for such a deal was October 1, 1996. The Kalamazoo school district

said Salters left its employment for the MEA in 1999, three years after the deadline.

Caleb Buhs, spokesman for the state of Michigan, said Salters was eligible for the special deal because she first took leave and started with the local teachers union, the Kalamazoo Education Association, in 1992, or four years before the deadline.

Tom Watkins, who served as the state superintendent of public education from 2001-2004, said he wasn’t in agreement with “educator on loan” applying to private union officials who left public education positions.

“If you left, you left,” Watkins said. “That’s how I look at it.”

Watkins said these types of arrangements should not be a surprise to the public.

“If these are the rules, and people find it unacceptable, they need to change the rules,” Watkins said. “We need to have clear rules — transparency in government. People should know about it.”

*The original version of this story was posted online on April 29, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21241](http://MichCapCon.com/21241).*



# Township Votes Down Wind Energy Project

BY JACK SPENCER

Voters in Huron County’s Meade Township have given a big thumbs down to a prospective Detroit Edison wind energy project. On May 5, voters rejected a proposal to allow Detroit Edison to erect up to 48 wind turbines in the township. The vote was 222 to 147, which is slightly more than a 60 percent to 40 percent margin.

Special significance might be attached to the election because it took place in Huron County, which has more wind turbines than all of Michigan’s other counties combined. Huron County has recently declared a temporary moratorium on further wind development while its officials work on adopting tighter siting restrictions for turbines.

In November, the Meade Township board voted 4-1 to approve the project. In reaction, local residents gathered enough signatures to place the issue on the ballot and have the board’s decision overturned.

“The Meade vote was no surprise at all,” said Kevon Martis, director of the Interstate Informed Citizens Coalition (IICC), a nonprofit organization that is concerned about the construction of wind turbines in the region. “When the people



who will actually live inside wind energy plants get to vote on whether they prefer their community as it has been since time immemorial or covered with dozens of 50-story noisy mechanical devices, peace and tranquillity wins every time.”

“In every Michigan township that has ever had the opportunity to vote on wind, the ratio of voters who disapprove to those who approve is always the same: roughly 60 percent opposed, 40 percent in favor,” Martis added. “Take away the wind lease money and the ratio would be more like 85 percent opposed to 15 percent in favor.”

Following the election, The Huron Daily Tribune quoted Detroit Edison’s

spokesman Scott Simons saying that the utility was disappointed by the election result and is now “exploring different sites outside of Huron County.” Simons was also quoted pointing out that the proposed wind plant was part of the company’s “commitment to a state mandate requiring utilities to generate 10 percent from renewable energy sources.”

Simons was referring to Michigan’s renewable energy mandate, which was passed by the Legislature and signed into law in 2008. That mandate requires that 10 percent of the state’s energy be produced by in-state renewable energy sources by 2015. However, the term “renewable energy sources” has virtually become a euphemism for wind energy. Though the mandate was ostensibly aimed at reducing carbon emissions, the law did not require that emissions be monitored to measure whether the mandate is having any impact on the level of emission.

This year, the Legislature is reviewing the law and changes to it are expected. For example, lawmakers might eliminate the requirement that only energy produced in-state can satisfy the mandate. Such a change would allow utilities to purchase electricity from wind energy projects in

other states, such as Iowa, where wind energy is more efficient, cheaper, and turbines can be erected further away from the residences.

In Michigan and elsewhere, wind plants erected near homes have spurred health and safety complaints and lawsuits. These include allegations that turbines cause dizziness, sleeplessness, headaches and other physical symptoms because of the noise, which is not limited to audible sound. Vibrations and flickering lights are also frequently cited as causing problems for people living in proximity to wind turbines. Some critics have cited negative effects on property values.

In 2012 Michigan voters rejected Proposal 3 by a vote of 62 to 38 percent. That statewide initiative, sponsored by environmentalists and wind industry interests, would have increased the 10 percent mandate to 25 percent. In the current Legislature, a majority of Democratic lawmakers has co-sponsored identical bills in both the House and Senate to increase the mandate to 20 percent. ■

*The original version of this story was posted online on May 11, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21281](http://MichCapCon.com/21281).*





## Fossil Fuel Investments Yield Big Returns for State Pension Funds

BY TOM GANTERT

The oil and gas industry has been one of the better investments made by Michigan's two largest government employee pension funds, according to a recent report by Sonecon LLC, a Washington D.C. economic advisory firm.

The report examined the combined investment returns of Michigan's separate pension funds for school and state employees. Together, their investments in oil and natural gas companies gave a rate of return that was 37 percentage points higher than the return on all of their investments. Oil and gas investments outpaced investments in other industries by 43 percentage points.

Due to chronic underfunding, both pension funds have unfunded liabilities: \$25.8 billion in the school employee retirement system, and

\$5.4 billion in the smaller one for state employees.

The Sonecon report looked at investments from 2005 to 2013. It found the cumulative return on assets from the state's two largest pension funds was about 81 percent while oil and natural gas assets produced a 118-percent return over the eight-year period.

The study stated: "Oil and natural gas investments, which represented 4.2 percent of the total assets of Michigan's two largest public employee pension plans, contributed 6.9 percent of their total gains over the period, FYs 2005 to 2013."

Overall, Michigan's two largest state pension funds had \$2.4 billion in returns from oil and natural gas investments from 2005 to 2013.

John Griffin, the Michigan spokesman for the American Petroleum Institute, said on average,



A wellhead at the Napoleon Field in Jackson County.

\$1 invested in oil and natural gas stocks in 2005 was worth \$2.18 in 2013. By contrast, \$1 invested in all other assets over the same period was worth \$1.75.

"During good economic times – or challenging ones – oil and natural gas investments far outperformed other public pension holdings in Michigan," Griffin said in an email. "We already know that a healthy domestic oil and natural

gas industry is good news for jobs and government revenue, and we now know that it also provides stability to the nest eggs that millions of Americans are counting on for a secure retirement."

"Millions of Americans with a 401k, mutual fund, or pension also rely on the income and capital growth these companies provide for their retirement," Griffin said. "America's oil and natural gas companies are owned by tens of millions of Americans, according to a previous Sonecon study."

Nevertheless, activist groups on college campuses have sought to force universities to divest from oil and gas investments because they believe the industry is harming the environment.

In April, 33 students and alumni involved with a group called Tufts Climate Action

performed a 55-hour sit-in at Tufts University, occupying the office of President Anthony Monaco. The Boston Globe reported the protest ended when the group was granted a meeting with the university's trustees.

Harvard University also had student sit-in protests asking for divestment from fossil fuel companies in February.

Michigan Environmental Council spokesman Andy McGlashen declined an opportunity to comment on this story. Emails seeking comment sent to Fossil Fuel Divestment Student Network and Benjamin Weilerstein, a Tufts student protester, were not returned. ■

*The original version of this story was posted online on May 12, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21287](http://MichCapCon.com/21287).*



## Texas Moves Toward Dumping Wind Mandate

BY JACK SPENCER

With a 21-10 vote, the Texas Senate passed legislation mid-April (Senate Bill 931) that would end the state's Renewable Portfolio Standard, which is primarily a wind energy (with a certain degree of solar energy) mandate.

Wind energy is more efficient in Texas than it is in states like Michigan — not necessarily efficient but relatively more efficient. Texas is far and away the leading wind energy state in the nation and, thanks in no small part to a \$7 billion program

for building transmission lines for wind from the western side of the state, it has met its wind energy goals.

Now the Texas Senate seems to be telling the wind energy industry it should start competing without being given any more special advantages. Environmental groups and the wind energy industry want the mandate to stay in force and are urging the Texas House to reject the measure. One argument these factions are using against ending the wind mandate is that the Obama

administration's proposed "Clean Power Plan" would require Texas to cut roughly 200 billion pounds of carbon dioxide emissions over the next two decades. However, that argument assumes wind energy would be the most sensible, efficient and cost-effective means of meeting the federal requirements. Apparently, the Texas Senate believes that is debatable.

"Just two years ago the idea that a state renewable mandate would ever be repealed or even frozen was

laughable," said Kevon Martis, director of the Interstate Informed Citizens Coalition, a nonprofit organization that is concerned about the construction of wind turbines. "But now Ohio has frozen its and it is likely to be repealed altogether. West Virginia has repealed its mandate. Windy Kansas has introduced repeal bills, and now the Texas Senate has passed an RPS (wind mandate) repeal."

"Legislators are waking up to the fact that wind energy mandates force ratepayers

to push two shopping carts down the aisle, one filled with gas generators and the second filled with wind turbines, when only one is required — gas," Martis continued. "Or in the case of Texas, a cart filled with \$7 billion of new socialized wind transmission which draws wind developers to the ratepayer trough of money like nobody's business." ■

*The original version of this story was posted online on April 25, 2015. It is available with hyperlinks and more info at [MichCapCon.com/21226](http://MichCapCon.com/21226).*

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state laws, as described on  
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***House Bill 4583***

**Authorize interstate medical licensure compact**

Introduced by Rep. Jim Tedder (R)

To authorize Michigan's participation in an interstate medical licensure compact that would establish "a streamlined process that allows physicians to become licensed in multiple states." Among other things this would make it easier for residents to access innovative "telemedicine" health care delivery services.

***Senate Bill 279***

**Ban certain school district/union pension spiking schemes**

Introduced by Sen. Marty Knollenberg (R)

To prohibit public school districts and unions from entering "release time" arrangements in which a school employee who goes to work full time for a teachers union remains an employee of the district for purposes of collecting a government pension. Recent news reports have exposed how the president of the state's largest teachers union will collect a six-figure annual government pension payout under such an arrangement.

***House Bill 4567***

**Let public schools engage in commercial business**

Introduced by Rep. Bradford Jacobsen (R)

To establish that property owned or leased by a public school is considered "exempt and immune" from local zoning ordinances, and establish very broad definitions of "school building" and "school purpose." "School purpose" would be defined as "any purpose that may provide a benefit to a public school or its governing board, including... a benefit of a commercial or financial nature."

***Senate Bill 268***

**Exempt "autocycle" makers from protectionist auto dealer law**

Introduced by Sen. Darwin Booher (R)

To exempt three-wheel motor vehicles and enclosed motorcycles ("autocycles") from the protectionist regulations that prohibit motor vehicle makers from selling directly to the public rather than through a dealer and subject to contractual arrangements prescribed by state law. These laws have been in the news recently as the heavily-subsidized Tesla company seeks to sell its luxury electric cars in different states, and the federal government has warned Michigan that its statute may violate federal antitrust law.

***Senate Bill 311***

**Ban new charter schools without "certificate of need"**

Introduced by Sen. Hoon-Yung Hopgood (D)

To prohibit any new charter schools from opening unless the state Board of Education grants a "certificate of need" as defined in the bill. Among other things this would require consideration of a new charter school's "impact on existing public schools" nearby.

***House Bill 4585***

**Authorize a state "free speech defense act"**

Introduced by Rep. Thomas Hooker (R)

To adopt a "free speech defense act" that would prohibit Michigan courts from enforcing a libel judgement issued by a court in a country that does not practice specified due process safeguards, or that upholds a cause deemed "repugnant to the public policy of this state." Similar laws adopted by other states are seen as a response to so-called "libel tourism," and in particular to perceived Islamicist persecution.