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Where the Money from Higher Transportation Taxes Goes

BY JAMES M. HOHMAN

What if the Legislature and governor hike gas and vehicle registration taxes to fix the roads, but then hardly any extra money goes to fix the roads?

Drivers started paying those higher taxes in January, though they were enacted near the end of 2015. But at least in the short term, the main effect of these tax increases appears to be higher

spending on schools and Medicaid, not road repairs.

The 7.3-cent-per-gallon tax increase motorists began paying on Jan. 1 and the 20 percent increase in the vehicle registration tax are expected to cost road users an additional \$460 million this year. The money is dedicated to transportation funding — mostly to the roads, but also some for public transit.

Yet the state transportation budget will only have \$160 million more this year for road repairs, not \$460 million. That is because the Legislature shifted funds out of the transportation budget just as new tax revenues were coming into it.

Gov. Snyder has been pushing for more transportation funding since he took office in 2011. Many proposals were offered and rejected over the

years, and the Legislature began shifting revenue from other taxes into the transportation budget.

By last year, the amount of state General Fund revenue transferred to transportation had risen to \$402 million — nearly as much as the new road tax hikes will bring in this year.

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Michigan Wins When
Immigrants Face a Fair
and Predictable System

Michigan College Busts Students For Giving Out U.S. Constitutions Without Permit

*Asking passers-by if they
'like freedom and liberty'
deemed 'too provocative'*

BY DEREK DRAPLIN

A federal lawsuit was filed against Kellogg Community College Wednesday alleging students' free speech and due process rights were violated. The lawsuit comes after an incident in the fall where student activists were arrested and jailed after refusing to stop handing out pocket Constitutions on the campus.

On Sept. 20, 2016, KCC students Brandon Withers, Michelle Gregoire and three students from other colleges were passing out pocket-size Constitutions and recruiting students to join the Young Americans for Liberty group at the Battle Creek campus. As they were doing it, school administrators

See "U.S. Constitutions," Page 10

Harvard Study Says Michigan Elections Less Democratic Than Cuba, North Korea, Iran

*Former Federal Elections
Commission Chairman
calls study 'absurd'*

BY DEREK DRAPLIN

A former head of the Federal Elections Commission says an academic study on elections that recently made national news is "absurd" and subjective.

The study ranked Michigan's elections as less democratic than those of Cuba, Iran and North Korea. It reports the perceptions of 726 election experts about the electoral integrity — or how ethical the democratic process is — in each state. Michigan is one of several states that is ranked lower than some authoritarian countries.

Michigan's Perception of Electoral Integrity index score, which the project compiled by using survey methods and

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LETTER FROM THE PRESIDENT

The Most Dangerous Lead in Politics or Hockey

JOSEPH G. LEHMAN

Editor's note: This article was first published in the January/February issue of IMPACT Magazine.

Everyone talks about Donald J. Trump's unusual qualities, but most remain unaware of the very unusual political alignment he now commands. His election marks the first time in 54 years, and only the second time in 96 years, that a Republican succeeded a Democrat president when the GOP controlled both houses of Congress.

Republicans also control the executive branch and both legislative houses in 25 states (including Michigan) while Democrats have this advantage in only 5, a historic disparity.

In any other context, these thoughts could be misconstrued as partisan or an endorsement of the Trump administration, but this is a peculiar moment in history. For the first time in decades, tremendous opportunities await for those of us whose ideals align more closely with the majority party.

It may be tempting to sit on this lead and just wait for the policy payoff. But this would be a terrible mistake. The value of a political victory is not the victory itself, but in how one uses it to drive positive policy changes.

We at the Mackinac Center won't assume anything other than what has always been true: Good ideas aren't inherently persuasive, and we can't assume just because a politician's name is followed by an "R" he will do the right thing. Good ideas require competent development, clear and patient exposition, energetic advocacy, moral suasion, and above all, relentlessness.

A commanding position isn't the time to coast, it's the time to hit the gas. Every big-government political operative whose bags were packed for Washington before Nov. 8 is now likely working full-time to undermine our ideas, attack our credibility, and regain power to finish what they started with Obamacare and more. Every single Democrat who immediately succeeded a Republican president in the 20th and 21st centuries (all six of them, from Wilson to Obama) enjoyed his own party's control of both houses of Congress on Day One of his first term.

Democrats or Republicans who campaign on the ideas of free-markets and limited government can count on us to defend those ideas and help them do the right thing. We don't shy away from reminding them what they said they stood for. If we won't do it, who will?

Trump is unpredictable. Some of his rhetoric suggests he wants to curtail free trade, amp up corporate welfare and push government spending higher. In other areas, he is off to an excellent start. He has, for example, nominated Mackinac Center friend Betsy DeVos for education secretary and issued an executive order to dial back some harmful Obamacare provisions.

Michigan Republicans also need help to do the right thing. Some of their ideas are clunkers, such as the attempted \$2 billion tax increase voters obliterated at the ballot box 80-20. Even Gov. Snyder's recent State of the State Address outlined 12 different ways to expand government compared to only one limitation of it.

Voters' expectations are very high after they gave Trump and Republicans astounding victories. If the GOP doesn't deliver, the 2018 midterm elections could be devastating to the progress of free-market policies. The time to act is now.

If you're a Mackinac Center friend, you know our plan: Study and predict government failure, report on government failure and seek justice for those harmed by it, and give citizens information and ideas so they can take action. We will continue to do this regardless of who is in office.

My colleague John Mozena, vice president of marketing and communications, noted that the most dangerous lead in hockey is two goals. It's a big enough lead to tempt you to ease up, but the other team is only one goal away from making things too close for comfort.

Time to remain on offense. ■

Joseph G. Lehman
Joseph G. Lehman,
President



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Now People Won't Have to Pay a Bond to Recover Their Stuff from Police

Governor signs bill to eliminate 10 percent civil forfeiture fee

BY DEREK DRAPLIN

Gov. Rick Snyder signed legislation Jan. 3 that bans a cash bond requirement in civil asset forfeiture proceedings. Civil asset forfeiture is a legal proceeding that allows police and prosecutors to keep and sell seized property, in many cases even if the owner is never convicted or even charged with a crime.

The new law builds on 2015 reforms to Michigan's civil asset forfeiture. Rep. Pete Lucido, R-Shelby Twp, first introduced House Bill 4629, now Public Act 418 of 2016, in May 2015.

The law lifts a requirement that a person whose property is seized as part of civil asset forfeiture pay a cash bond in order to challenge the seizure. Michigan law had allowed law enforcement to keep cash bonds, typically 10 percent of the value of property estimated to be worth \$250 to \$5,000.

Lucido said he is pleased the bill was signed into law but added that further reforms are needed.

"It's an absolute great step in the right direction," said Lucido, who's also a criminal defense attorney. "But it's not complete yet."

In 2015, Snyder signed a package of seven bills into law that requires law enforcement to disclose civil asset forfeitures and do a better job of documenting seizures. The burden of proof for forfeitures was also raised from "preponderance of evidence" to "clear and convincing evidence."

"The repeal of the bond requirement is great news," said Kahryn Riley, a criminal justice policy analyst with the Mackinac Center for Public Policy. "It means that citizens will no longer be denied the ability to go to court and dispute private property seizures just because they cannot afford a

bond payment. That's a win for due process in Michigan."

But she added that the repeal is merely one step in the right direction.

"The Michigan Legislature should eliminate the civil asset forfeiture scheme altogether," Riley said. "Our laws still allow law enforcement agencies to profit from seized assets, which can be problematic."

While Lucido believes forfeiture has its uses, he said a bill is in the works that would require a conviction before property can be taken using forfeiture.

"We need to have civil asset forfeiture because we do not want criminals that are convicted to be profiting from criminal activity," he said, adding that due process needs to run its course before someone's property can be taken through forfeiture. "Civil asset forfeiture should not be repealed in its entirety but it

should be modified for the best interest of due process."

Lucido said one solution might be an injunctive order, which would allow an "impartial, detached, third party" judge to determine if someone's property can be "sold, concealed, removed, disposed, or transferred" before a seizure, similar to a search warrant.

The upcoming bill, which Lucido said is nearly ready for consideration, will likely have the injunctive order clause added as an amendment after testimony. Law enforcement in Michigan has forfeited at least \$270 million in assets related to drug crimes since 2001, but it's unclear how much has been taken in total since state law previously did not require law enforcement to fully report information on forfeitures.

Michigan received a grade of D- for its civil asset forfeiture

laws in a 2015 study by the Institute for Justice.

Michigan Capitol Confidential previously reported about a lawsuit involving a Shiawassee County couple who had their vintage car — along with thousands of dollars worth of other property — seized and later sold by the Saginaw Township Sheriff Department. The sale came about even though the two were never convicted of a crime and a court of appeals had ordered the property be returned to them.

Documents show the car, a 1965 Chevy Nova, had 56,000 miles added to the odometer during the time it was held by the department. The department sold the car for \$1,500. ■

The original version of this story was posted online on Jan. 6, 2017 and is available at MichCapCon.com/23163.

Teachers Union Membership Down 20 Percent, But Executive's Pay up \$61,000

BY DEREK DRAPLIN

A top official at the state's largest teachers union has received another substantial raise, his second in three years. Despite plunging membership at the Michigan Education Association, Secretary-Treasurer Rick Trainor was given a nearly \$20,000 pay raise in 2016.

Trainor's salary was \$171,206 in 2016, up from \$151,675 in 2015 — a 12.8 percent raise, according to documents filed with the U.S. Department of Labor. Trainor took a 44 percent raise between 2013 and 2014, from \$109,911 to \$158,296.

The union official is now collecting \$61,295 more each year than he did in 2013. (The average salary for public school teachers in Michigan in 2015 was \$61,978.)

As Michigan Capitol Confidential previously reported, Trainor is still carried on a school district's payroll, so the pay hikes also increase his eventual payouts from the state-run school pension system. Trainor previously taught in Mt. Pleasant Public Schools for 21 years, and under the pension-spiking scheme he's still considered an employee there despite leaving the district in 2011 to work full time for the MEA.

The school district says it is reimbursed by the union for Trainor's pay, but taxpayers will probably have to cover the extra pension benefits his higher salary levels will generate.

The Michigan Senate passed a bill in the 2015-16 legislative year to ban the scheme that has also been implemented by other MEA officials, but the



Republican-controlled House failed to follow through and the bill died.

The MEA did not respond to questions regarding Trainor's most recent salary increase.

While Trainor's pay soared over the past three years, union membership has

plummeted. In 2013, the year Michigan's new right-to-work law went into effect, the MEA's membership was 113,147. In 2014, the union had 107,868 members, which slumped to 94,559 members in 2015 and 90,609 in 2016 — a cumulative decline of 19.9 percent.

In 2014, the MEA disputed Michigan Capitol Confidential's news account that Trainor received a 44 percent salary hike that year. In a Facebook post, it said the matter was "a billing issue from his employing district."

"Another wrinkle has to do with the Secretary-Treasurer's increase of 44% as reported by the Mackinac Center," the union said. "First, he did not receive such an increase. The problem is a billing issue from his employing district." The MEA at the time did not respond to a request for comment.

Trainor's total compensation, which includes business expenses and other various reimbursements, was \$210,216 in 2016. ■

The original version of this story was posted online on Dec. 27, 2016 and is available at MichCapCon.com/23141.

Had Hillary Won, Granholm And Not DeVos Would Be Education Secretary

BY DEREK DRAPLIN

A new report suggests that former Michigan Gov. Jennifer Granholm would have been a top candidate for secretary of education in Hillary Clinton's cabinet had the Democratic nominee won the presidential election.

Mike Allen of the recently launched news site Axios reported on Tuesday that Clinton had prepared her "ghost cabinet" list before Election Day. Granholm also was listed as the second choice for attorney general if sitting Attorney General Loretta Lynch were not retained by a Clinton administration.

John Sexton, former president of New York University and former board member of the Federal Reserve,

was listed second as a choice for education secretary.

As governor of Michigan, Granholm signed the state's law that responded to the federal "Race to the Top" law in 2010. The Michigan law required school districts to give merit pay to successful teachers. Granholm was governor when the Great Recession reduced state funding for schools, but federal funding temporarily grew at an unprecedented rate under the federal government's stimulus spending.

After leaving office in 2011, Granholm became an adjunct professor at the University of California-Berkeley. In 2016, she was involved in two pro-Clinton super PACs, Priorities USA Action and Correct

the Record. She was named to Clinton's presidential transition team in August.

The U.S. Senate held its first confirmation hearings for President-elect Donald Trump's cabinet on Tuesday. The hearing for Trump's attorney general pick, Alabama Sen. Jeff Sessions, began in the morning, with the hearing for Gen. John Kelly as secretary of homeland security scheduled for Tuesday afternoon.

Trump's pick for secretary of education, Betsy DeVos, has been challenged by school choice opponents in the media and elsewhere.

She was confirmed in February. ■

The original version of this story was posted online on Jan. 10, 2017 and is available at MichCapCon.com/23188.



Detroit Teachers' Pay Frozen, But Union Officials Get Big Raises

BY TOM GANTERT

The president of the American Federation of Teachers-Michigan union has enjoyed robust raises the past two years, even as membership in the union kept declining. AFT-Michigan represents employees of the Detroit school district.

Most of those employees have been under a salary freeze for the past six years, and they are also paying higher union dues.

David Hecker, president of AFT-Michigan, has seen his salary increase from \$145,862 in 2014 to \$155,278 in 2015 and \$162,718 in 2016. The figures are from the annual reports the union is required to file with the federal government. Hecker's total compensation increased from \$161,751 in 2014 to \$181,996 in 2016.

Membership in AFT-Michigan has declined from 20,889 in 2014 to 18,432 in 2016. Union dues have also increased from \$17.20 a month in 2014 to \$18.20 a month in 2016.

The bulk of the membership of AFT-Michigan comes from the Detroit public school district, which implemented a 10 percent reduction in salaries in 2010. It also implemented a freeze that keeps members from moving up the steps of the union pay scale.

In addition to Hecker, another state AFT official, Ivy Bailey, president of the Detroit branch, has also seen large pay hikes recently, from \$70,176 in 2013-14 to \$134,705 in 2015-16.

Hecker didn't respond to an email seeking comment. ■

The original version of this story was posted online on Dec. 15, 2016 and is available at MichCapCon.com/23100.



David Hecker, president of American Federation of Teachers-Michigan union.
Photo via AFT-Michigan.



BOTTLENECKERS GAMING THE GOVERNMENT FOR POWER AND PRIVATE PROFIT

Based on information from his brand new book on the topic, **Dick Carpenter**, director of strategic research at the Institute for Justice, will discuss the history of America's problem with bottlenecks and solutions for dealing with them.

WHEN: Tuesday, February 28, 2017
11:30 a.m. — Check-in and lunch available
Noon to 1:00 p.m. — Program with Q&A

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State Officials Caused Michigan's Pension Crisis

No accident that school pension system is underwater

BY TOM GANTERT

The Ann Arbor public school district was required to contribute \$30.0 million to the state's underfunded school employee pension system in 2016. That represented a \$16.8 million increase in just five years: In 2011, the Washtenaw County district paid \$13.2 million.

Across the state, skyrocketing costs resulting from the failure of those in charge to properly fund Michigan's school pension system are causing problems for the budgets of virtually every conventional public school district.

The crisis has been decades in the making. One factor has been the agency that manages state and school pension systems; it has consistently made decisions based on overly optimistic assumptions. This failure combined with others has put taxpayers on the hook for \$26.7 billion worth of unfunded promises in the school pension system.

In the coming weeks, Michigan Capitol Confidential will examine how officials in the state's Office of

Retirement Services and elsewhere have created this unsupported debt.

For at least 41 of the past 42 years, the school pension fund has not held enough assets to meet the promises made to those who have earned pension benefits. The underfunding has compounded over time to create the current unfunded liability.

The ORS has consistently low-balled its official estimates of how much needs to be contributed to the pension fund each year to catch up on past underfunding. And in 14 of the past 20 years, the Legislature has compounded the damage by failing to appropriate enough money to cover even those understated estimates.

The pension system's managers have continually shunned best practices by assuming that they have an unreasonably long time to catch up on the past underfunding. For example, records show that in 1975, the state was using a 50-year amortization window, which is 20 years longer than current industry recommendations.

Just like going from a 15-year mortgage to 30-year one greatly increases how much a homeowner pays over the life of a loan, this bit of

practice could cost taxpayers billions of dollars more in the coming decades.

Yet the retirement office defends its management record.

For example, it points to the fully funded status of a slightly less generous defined benefit pension option the state began offering to new school employees in 2010. This plan also includes employer contributions to a 401(k)-like account owned by each employee. (Politicians call this a hybrid system.)

Importantly, 401(k)-like defined contribution retirement plans by definition create no long-term employer liabilities, funded or unfunded. The employer's obligation is met completely each time it deposits a periodic contribution to an employee's tax-deferred account. The employer who has promised these contributions gets no more credit for making them than for making payroll on time.

For that reason, there may be less than meets the eye in the following defense offered by the retirement office's spokesperson, Kurt Weiss:

"This administration is proud of the way we have managed all of the state's

retirement systems and particularly proud of the needed reforms that have been made that have reduced the state's long-term liabilities by more than \$20 billion. It's important to understand that the defined benefit system is closed to new enrollees and equally important to understand that the hybrid system is funded at 100%."

The closed system Weiss refers to covers employees hired before 2010, who get a defined benefit pension but no employer 401(k) contributions. Employees hired since 2010 get a defined benefit pension with a slightly less generous payout formula as well as modest employer 401(k) contributions.

Both the old approach and the new one generate long-term taxpayer liabilities. Whether either is funded or underfunded depends on how it is managed. Contributions to the school pension fund made on behalf of employees hired since 2010 have gone into investment markets that have not experienced a serious drawdown in that time. ■

The original version of this story was posted online on Jan. 16, 2017 and is available at MichCapCon.com/23200.

Michigan School Districts: We Have No Ineffective Teachers

BY TOM GANTERT

Judging by the percentages, the state of Michigan didn't have one ineffective teacher or administrator last year in the entire public school system, which covers 899 charter schools and conventional school districts.

That's according to the cumulative reports filed by all the state's public schools after the 2015-16 year. The percentage of teachers and administrators who were given the lowest evaluation was so small that the state rounded it down to zero percent.

Districts perform the evaluations and turn them into the state, with the Center for Educational Performance

and Information compiling the reports. A 2009 law requires districts to do annual effectiveness ratings for each teacher. But lawmakers and state education officials have struggled to create a specific rating process.

The performance evaluations come at a time when Education Week Research Center ranked the state of Michigan as 42nd in the country in K-12 achievement, giving it a D grade for 2016.

There were just 400 "ineffective" schoolteachers out of 94,164 in the state of Michigan in 2015-16, or fewer than one per school district. That comes out to zero percent.

The highest rating, "highly effective," went to 39,327 teachers, or 42 percent

of the teaching force. The largest group of teachers, 52,514 or 56 percent of all, were considered "effective." Only 1,923 teachers, or 2 percent, were rated "minimally effective."

For administrators, just 23 out of 6,598 were rated "ineffective," a number that when rounded down becomes zero percent. There were 2,310 administrators, or 35 percent of all, who were rated "highly effective." The largest group, 4,108 or 62 percent, were "effective," and 157 or 2 percent were "minimally effective."

"That is a massive disservice to teachers and administrators who strive to be above average," said Leon Drolet, chair of the Michigan Taxpayers Alliance. "Ultimately that translates to

less incentives for educators to strive for excellence because they are not going to be recognized as such."

"It's a terrible disincentive and an insult to those administrators and teachers who do put in the extra effort," Drolet continued. "It's an insult to the citizens of the state who are smart enough to know there is no field anywhere in which 98 percent of those employed are adequate or better."

The Michigan Department of Education didn't respond to an email seeking comment. ■

The original version of this story was posted online on Jan. 12, 2017 and is available at MichCapCon.com/23193.

Truth Optional When Teachers Union Defends Its Turf

BY TOM GANTERT

For the past several years, the state's largest teachers union has engaged in an ongoing public relations campaign that has distorted facts and promoted inaccuracies about Michigan's public school system.

Michigan Capitol Confidential has documented many of the inaccuracies over the past five years. The most dramatic case of the union's not telling the truth was its claim that Gov. Rick Snyder had cut \$1 billion from school budgets. In a 2013 Facebook post, MEA President Steve Cook wrote, "Shortly after taking office, one of Snyder's bold initiatives to 'reinvent Michigan' was to cut over \$1 billion from the education budget."

The claim was picked up by 2014 Democratic gubernatorial candidate Mark Schauer, who made it a central theme of his campaign.

But it was an untrue statement. According to the Senate Fiscal Agency, there was no \$1 billion cut to either K-12 school or higher education budgets. Instead, K-12 education spending has increased every year under Snyder. State funding for higher education was, though, cut once — by \$421 million in Snyder's first budget in 2011-12 — but not since.

Michigan Capitol Confidential was the first publication to expose the "\$1 billion cut" falsehood, plus many others. It has done so by publishing actual figures from state budget documents. Some media outlets had previously treated debates about school funding as "he said/she said"

stories, making little or no attempt to check the state's data.

Eventually, the mainstream media followed Michigan Capitol Confidential's lead and reported that the claim of a \$1 billion cut was false and that Snyder had actually increased funding for K-12 schools.

Snyder's campaign director Kyle Robertson said in a MIRS News interview after the 2014 election that Schauer's defeat was due in part to the union's claims being turned back by the media.

"Another high point was the media coming around and correcting the education lies because we not only had the data on our side, but there were those in the public who were persuadable on this issue and they were persuaded," he said.

The MEA hasn't responded to repeated emails seeking comment on its inaccurate statements over the years.

Getting to the bottom of some MEA claims has required submitting Freedom of Information Act document requests to school districts and the state. Here's a list of more recent examples:



- In 2016, the MEA claimed this about a teacher in Benton Harbor: "A teacher who started in the district 10 years ago still makes beginners' pay of less than \$30,000 a year." According to the records from Benton Harbor Area Schools, the lowest annual salary for the district's 106 teachers in the 2015-16 school year was \$34,000.

- The MEA has repeatedly claimed that some teachers are on food stamps. Last August, the MEA's Steve Cook wrote in The Detroit News: "In almost every Michigan school district, you will find employees — especially support staff and newer, younger teachers — who qualify for Bridge Cards (the modern version of food stamps). Without that assistance, they would not be able to feed their families."

- It's very rare, though, to find a full-time starting teacher in Michigan who is paid less than \$31,000 a year (before the value of full benefits is included). At that income level, to be eligible for food stamps under federal rules, an individual would have to be

the sole income earner for herself and three dependents — not typical for brand-new teachers in their 20s.

- The union's online magazine The MEA Voice regularly features far-fetched stories and recollections reportedly shared by veteran teachers.

- In a 2015 article, retired Traverse City teacher Fran Cullen said that years ago, his aunt had been a teacher whose salary was so low it barely covered a modest two-week vacation. But according to the National Center for Educational Statistics, the average U.S. public school teacher made \$6,485 a year 50 years ago. That translates to a \$49,129 salary in 2015 dollars, which would make for an extravagant two-week vacation.

- In a 2016 Voice article, retired Harbor Beach teacher Penny Letts said she was paid just \$6,000 a year when she began teaching 49 years ago, while her friends who graduated from college with engineering degrees made \$22,000 a year. Government data doesn't support that claim, however. The median income in 1965 for U.S. families was \$6,900 and just 7 percent of families made \$15,000 or more a year. A starting salary of \$22,000 in 1966 translates to \$164,000 in 2016, a highly implausible salary for a student right out of college, even for one with an engineering degree. ■

The original version of this story was posted online on Jan. 5, 2017 and is available at MichCapCon.com/23160.

Bullying Failed, So Teachers Union May Try Honey To Attract Dues Payments

BY TOM GANTERT

Four years after Michigan's right-to-work law was passed, the state's largest teachers union appears to be taking a different response to the fact that school employees no longer have to pay union dues or fees.

The Michigan Education Association has significantly cut back the amount it spends on collection agencies sent after school employees who didn't pay dues. It has also created a new high-paying position — a director of membership engagement — according to documents filed with the federal government.

Attempts to engage school employees who can no longer be legally compelled to pay dues would make sense considering how much the MEA's dues revenue has declined. The union collected \$64.4 million

from school employees in 2012-13, when they had no choice but to pay the MEA. This amount fell to \$56.7 million in 2013-14 when the law began taking effect. (The law only applies when a contract that was in place before it came into effect ends.)

During the 2015-16 school year, the amount fell further to \$49.7 million. MEA union dues cost a maximum of \$630 a year or 1.5 percent of a union member's salary, according to the union's filing.

The MEA did not respond to an email seeking comment.

With an annual revenue decline of almost \$15 million, the MEA may be shifting strategies about how it



operates in the right-to-work world.

The union has taken an aggressive strategy in the past against school employees who opt out of paying dues. Even with the new law, many school employees were bullied by local MEA

affiliates by having their names posted in union newsletters. And the MEA sent collection agencies against employees it claimed were delinquent in paying their dues.

Union officials repeatedly insulted people who exercised their legal right by calling them "freeloaders," a practice they appear to have stopped. The union has also scaled back collection efforts. The MEA spent \$12,823 on collection agencies in 2013-14. It increased that

spending to \$152,554 in 2014-15 but lowered it to \$76,600 in 2015-16.

There was also a new position created in 2014-15. Robin Langley, formerly listed as the southern zone director with a salary of \$166,345 in 2016, was designated the new director of membership engagement.

"While not defined as of yet, the new MEA 'director of membership engagement' would seem to be something of a salesman, whose job will be to convince teachers that the union can benefit them," said Larry Sand, head of the California Teachers Empowerment Network, an organization with a goal to educate people about unions. "Sure is better than the old way which essentially forced teachers to pay bribes to the union as a condition of employment." ■

The original version of this story was posted online on Dec. 28, 2016 and is available at MichCapCon.com/23143.

Number Getting Unemployment Checks Lowest In At Least 30 Years In Michigan

Rising employment coincided with cut in maximum number of weeks getting checks

BY TOM GANTERT

The number of people receiving unemployment checks in Michigan reached at least a 30-year low this past October.

In the week of Oct. 8, 2016, there were 39,395 people receiving unemployment insurance. That's the lowest number since 1987, the earliest year for which online records are available. By comparison, during the Great Recession, 186,801 people in Michigan received an unemployment check during the week of Oct. 10, 2009. The highest number of people receiving unemployment benefits since 1987, however, occurred the week of Jan. 24, 2009, at 363,212.

"Just confirmation that the economy of the state is doing very well," said University of Michigan economist Don Grimes in an email. "Our two biggest economic problems going forward are going to be 1) a shortage of potential workers for firms to hire, and 2) an even bigger shortage of better educated and trained young workers."

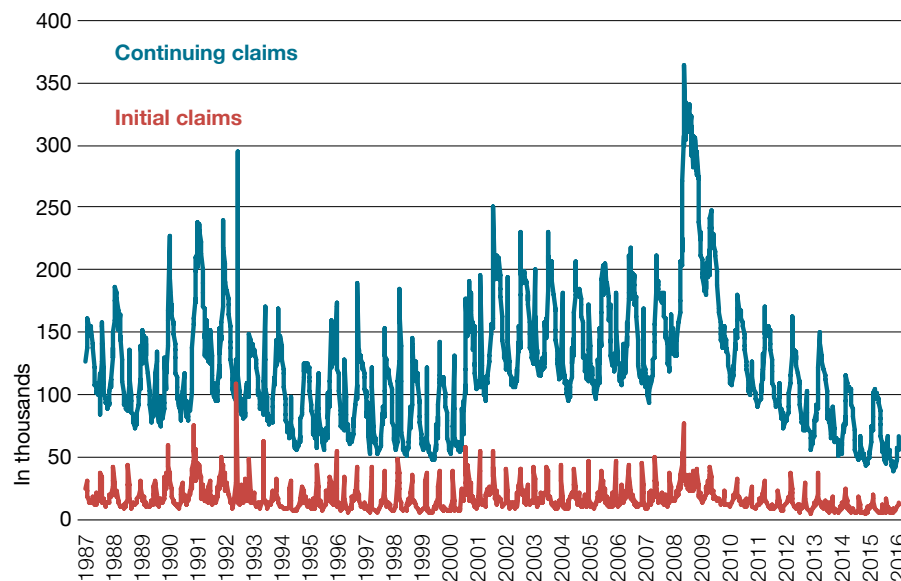
Wendy Block, director of health policy and human resources with the Michigan Chamber of Commerce, said there was reason to celebrate the drop in people receiving unemployment benefits.

"Not too long ago, Michigan's unemployment rate remained stubbornly high and economic recovery was a distant dream," Block said. "Today, Michigan boasts one of the lowest unemployment rates in the country and our job market is on solid footing and improving, if not exceeding expectations. In fact, many Michigan job providers are reporting difficulty finding qualified and skilled workers."

Public Act 14 of 2011 reduced from 26 weeks to 20 weeks the amount of time an unemployed person can collect benefits. That change took effect in 2012.

"In the past couple of years Michigan has had the lowest number of individuals receiving Unemployment Insurance since the late 1990s, despite the fact that there are considerably more workers looking for work now than at that time," said Gilda Z. Jacobs, CEO of the Michigan League for Public Policy, in an email. "In 2011, the Legislature cut the maximum length of time workers may receive UI while they look for work from 26 weeks to 20 weeks. Despite our improving economy, many areas of the state continue to struggle and long-term unemployment remains a reality. Michigan should restore the 26-week

Unemployment Insurance



Source: U.S. Department of Labor

mackinac.org MACKINAC CENTER FOR PUBLIC POLICY

maximum in order to make the UI system respond more effectively to those in need who are still actively looking for employment."

Historically, unemployment rises at the end of the year. As of Dec. 24, 2016, there were 68,071 people receiving

unemployment benefits in Michigan. By comparison, 104,387 people received unemployment benefits as of Dec. 28, 2013. ■

The original version of this story was posted online on Jan. 9, 2017 and is available at MichCapCon.com/23167.

Why Are Michigan House Republicans Continuing These Union Scams?

BY JARRETT SKORUP

As the latest legislative session came to a close, Michigan House Republicans failed to put a stop to two union schemes that are ripping off taxpayers. It is bizarre that, despite having a huge majority, the GOP continues to allow unions to mispend tax dollars for the sole purpose of enriching their officials.

Earlier this year, the state Senate passed two bills ending these special union deals. Senate Bill 279 dealt with union pension spiking schemes, in which the state's largest union teamed up with school districts to pretend its officials are still working for schools when they really are private employees of the union. This enables the union workers to artificially inflate their taxpayer-funded pensions. In at least one instance, this meant turning an approximately \$8,000 annual pension into one worth over \$100,000. Senate Bill 280 involved union release time, which makes taxpayers pay for the salaries of union officials who are released from their teaching duties to work full time on union business.

The bills made it through the Senate as well as a House committee but died on the floor.

These special deals are an affront to taxpayers, who are on the hook for the cost. The state should not allow the practice of taking money directly out of the classroom and putting it into the bank accounts of unions. It should also not do anything that contributes to Michigan's \$26.7 billion pension liability.

The Michigan Senate was right to pass these bills, and its members are the same in 2017. The Michigan House will maintain its strong Republican majority with new incoming members. Both chambers should take up these issues this year.



Editor's Note: Jarrett Skorup testified in front of a House Committee on the union release time bill. That testimony is reprinted below.

When people are paid by taxpayers, they should be doing work for taxpayers. The money given from the state to local school districts is intended to be spent providing educational services to students, with the hope that these services provide benefits to taxpayers.

But too often, that is not the case. In about 70 school districts across Michigan, taxpayers pay union officials for "release time" — an arrangement where the employee explicitly works for a private union, not for the district and not for taxpayers.

Michigan districts spend at least \$3 million directly on salaries for these released union officials, and much more if you add in the costs of providing these people with health and pension benefits. Districts pay other costs for these "ghost teachers" as well, including the salaries of their replacements in the classroom.

Here's one example of things that union officials who are on release time do: When the Legislature was considering right-to-work legislation in 2012, Maryanne Levine, the president of the Chippewa Valley School District local union, was protesting on the capitol lawn and comparing legislators to Adolf Hitler.

"We must close union offices, confiscate their money and put their leaders in prison. We must reduce workers' salaries and take away their right to strike," Levine quoted Hitler as saying. "Those were the words of Adolf Hitler, May 2, 1933 ... These are strong words, but that is exactly what they are doing and the path they seem to be taking (in Lansing)."

She was joined by many other teachers, though it was a school day. And I don't have a problem with that. Everyone should have the right to protest and as long as they are properly using their days off, that's fine.

But unlike most public and private sector workers, being there was easy

for Levine — she is paid by taxpayers, but works full-time to advance the interests of her union. Protesting on the capitol lawn is just another day at the office for union officials released from their teaching duties.

Levine is an elementary school teacher who is released from her duties as a teacher to work for the union. That's the perk of being union president. According to the district, she make \$145,000 in total compensation, with most of it being paid by the district. Chippewa Valley also pays six figures for the union vice president to spend half his time on union business.

Ms. Levine has every right to protest and make these comparisons. But she should do it on her own dime.

Several districts pay over \$100,000 a year to provide union officials with this perk. These include Chippewa Valley, Grand Rapids, Lansing, Warren and Wayne-Westland.

Taylor Schools employs four people who spent a significant part of every day working for the local union rather than taxpayers. That district has run significant deficits in recent years.

The vast majority of districts, including most large districts, are able to operate without taxpayers picking up the tab for release time. Detroit, Dearborn, Troy, L'Anse Creuse, Forest Hills, Traverse City, to name just a few.

The purpose of a public education system is to educate students, not fund union operations. These arrangements are unfair to taxpayers and a misuse of public funds. They should be ended. ■

The original version of this story was posted online on Dec. 19, 2016 and is available at MichCapCon.com/23130.

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U.S. CONSTITUTIONS

from Page One

told them they were violating a school solicitation policy.

Alliance Defending Freedom, a legal foundation that advocates for freedom of speech and religion, is representing Withers, Gregoire, and Young Americans for Liberty. KCC's trustees, President Mark O'Connell, Chief of Public Safety Harold West, and Drew Hutchinson, manager of student life, are listed as defendants in the lawsuit, among others.

In a video posted by the student publication Campus Reform, Hutchinson told the activists they needed to leave and that approaching other students and talking to them could "obstruct their ability to get an education." According to a press release from the alliance, the group was not blocking any building entrances or walkways.

In the video, the student activists can be seen explaining to Hutchinson that they were not forcing students to talk to them and declined to leave. One of the other students in the group, Isaac Edikauskas, asked a student passing by if they liked freedom and liberty.

Hutchinson said in the video that this act broke the school's student code of conduct because the question was too provocative and the questioner was not granted permission. Hutchinson added that he was trying to protect some of the students who grew up in Calhoun County, where KCC is located. He said they "are growing up on a farm, or they don't have Wi-Fi, they don't have internet, you know it's a very different

situation; they were brought up in a very different manner."

KCC's "Speech Permit Policy" states that the "[u]se of the College grounds by an individual or organization for solicitation is permitted only if the solicitation has been approved by Student Life." Withers and Gregoire did not get approval before handing out pocket Constitutions, but the lawsuit alleges and other experts say the college's policy violates the plaintiffs' First Amendment right to free speech.

"By policy and practice, Kellogg Community College ... claims the unchecked right to prohibit students from engaging in practically any constitutionally protected expression anywhere on campus unless they first obtain permission from KCC officials," the lawsuit says. The alliance also says the plaintiffs' Fourteenth Amendment rights to due process and equal protection under the law were also violated.

Campus police officers and West later showed up and told the activists if they did not leave, they would be detained and charged with trespassing.

"Essentially what we're asking you to do is comply and leave and get the proper permits," West said. "Yes, we do have civil rights, you have liberties, you have the First Amendment. However, when they start violating other people's rights, that's when it starts to run into a problem."

Sometime after they declined again to leave, the student activists were arrested and booked on trespassing charges, which were later dropped by the prosecutor. The lawsuit alleges Gregoire, Edikauskas, and Nathan Berning, who

was helping recruit for the group, were in jail for over seven hours.

Eric Greene, director of public information and marketing for the college, said in an email that it has yet to review the lawsuit but the college supports the U.S. Constitution.

"Kellogg Community College learned this week that an organization, the Alliance Defending Freedom, has announced it is filing a federal complaint against the College regarding a trespassing incident which occurred in September 2016," he said. "The complaint itself has yet to be delivered to KCC; therefore, the details of the complaint have yet to be reviewed by legal counsel. The College, which supports the U.S. Constitution and takes seriously any allegation that one's freedom of expression has been violated, will address this matter thoroughly."

Dan Korobkin, deputy legal director for ACLU of Michigan, said KCC's policy is unconstitutional.

"The college campus has long been an important hub for the exchange of ideas, and it is where some of our country's most important movements for social change have flourished," he said. "A public college cannot prohibit its students from handing out pocket Constitutions on a campus sidewalk. If it could, those pocket Constitutions wouldn't be worth reading."

Ari Cohn, a lawyer for the Foundation for Individual Rights in Education, which advocates for free speech on college campuses, also condemned KCC's speech codes.

"The policies at issue in this case are breathtakingly broad and appear to prohibit students from engaging in any

expressive activity on campus without the permission of college administrators," he said. "And that kind of prior restraint is manifestly unconstitutional."

Cohn said that FIRE has challenged policies similar to KCC's in and out of court, yet many colleges "are still stubbornly clinging to their unconstitutional policies restricting expression on campus."

He added that the policies allow KCC to deny permits based on subjective findings that the speech doesn't support the college's mission.

"Students' free speech rights on campus under the First Amendment are not limited by what furthers the mission of the college," Cohn added.

According to the lawsuit, in spring 2016, Gregoire was stopped from recruiting students by administrators and told she had to reserve a table in the student center. Gregoire complied and set up a registered table, but the college's speech policy barred her from approaching students and she did not collect enough signatures to have Young Americans for Liberty officially recognized as a student group.

The lawsuit also claims KCC selectively enforces its solicitation policy. Withers previously observed an LGBT student group handing out literature in the student center and, despite administrators being aware, it was not restricted to a registered table.

KCC received \$9,950,100 from state appropriations in 2015-16 and is slated to receive \$10,087,500 in 2016-17. ■

The original version of this story was posted online on Jan. 23, 2017 and is available at MichCapCon.com/23219.



WHEN: Wednesday, March 8, 2017
11:30 a.m. — Check-in and lunch available
Noon to 1:00 p.m. — Program with Q&A

WHERE: Radisson Lansing Hotel at the Capitol
Capitol II & III
111 North Grand Avenue
Lansing, MI 48933

Register today at mackinac.org/23298

FOOT PATROL POLICING

Engaging Michigan Communities One Step at a Time

As police departments seek to reduce crime, restore trust in law enforcement and improve the strained relationship between officers and civilians, many have begun shifting to more community-oriented operations. A study produced by the Police Foundation with support from the Charles Koch Foundation considers how foot patrols may help agencies engage with the communities they serve in a positive, productive way.

The Mackinac Center welcomes **Frank Straub, Ph.D.**, the Police Foundation's Director of Strategic Studies, to discuss the study's findings and one of its featured police departments, the Kalamazoo Department of Public Safety.

Michigan Wins When Immigrants Face a Fair and Predictable System

BY MICHAEL D. LAFAIVE
AND JOHN C. MOZENA

The authors believe in free markets and free people, and therefore, peaceful choice in association through legal immigration. The millions of immigrants to the United States every year are powerful evidence that “life, liberty and the pursuit of happiness” is still an unattainable dream for the average person around the world.

Although immigration is primarily a federal issue, we believe the evidence shows that legal immigration from around the world is a net positive for the United States — and for Michigan, too. The state’s employers need highly skilled and educated immigrants to fill open positions in information technology, engineering, finance, health care, education and other industries.

Still other immigrants come with experience in skilled trades, or the entrepreneurial drive to start and run a business that they could not fulfill in their home countries. These men and women help develop good companies that create good jobs. They become our co-workers, friends, neighbors, vendors, customers, fellow taxpayers and even, at times, our relatives.

Nations must have the ability to control their borders and our federal government must make decisions in the interest

of national defense that may limit an individual’s access to the United States. But however important those responsibilities may be, they cannot override the fundamental need for due process and the rule of law in setting immigration policy. Americans — both current and prospective — deserve no less.

We are concerned that President Trump’s recent executive order halting some refugees bound for the United States from specific countries was instituted in a clumsy and almost haphazard fashion. Government should never exercise its power in an arbitrary or capricious manner, regardless of what ends it means to accomplish.

People who have abided by the law and gone through the process to receive green cards have the legal right to reside in the United States and come and go as they wish. The government should not bar them from doing so without due process of law. People who hold a valid visa from a U.S. embassy or consulate that declares them eligible for entry to the United States should not suddenly be made ineligible without due process simply because of their national origin.

Immigration is one of many federal policy issues with broad and deep implications for states. Good policy that protects our nation’s borders and the



people of Michigan while interfering as little as possible with free markets and free people is unlikely to result from arbitrary and haphazard executive rule-making.

Gov. Snyder’s interest in seeing legal immigrants freely choose Michigan over other options is a long-standing and laudable one. We would caution, however, that the decision to move to the Great Lake State should be done so without subsidies or other targeted state efforts. That is, the government should not create special offices or programs to lure people from anywhere. Any changes to policy should be guided by the goal of having a

“fair field and no favors” approach that does not distort the decision to move here.

Michigan can be a magnet for people in the United States (and from elsewhere too) when it makes sound policy choices. International immigration is a federal issue, but it clearly effects what happens with and to Michigan and her citizens. We hope to see federal immigration reform that is less haphazard and arbitrary — and encourages greater legal and peaceful, voluntary association. ■

The original version of this story was posted online on Feb. 2, 2017 and is available at MichCapCon.com/23254.

Michigan House Bill Would Impose Sanctions On 'Sanctuary Cities'

BY DEREK DRAPLIN

A bill introduced in the Michigan House last week would bar local governments from enacting so-called sanctuary city policies and would withhold state funding from any that do.

House Bill 4105, titled the “Sanctuary Policy Prohibition Act,” was introduced on Thursday, Jan. 26, just one day before President Donald Trump signed an executive order creating a 90-day freeze on immigration from seven majority-Muslim countries.

On Jan. 24, Ypsilanti city officials discussed plans to amend a city ordinance so that law enforcement or city officials cannot ask a person about his or her immigration status. The ordinance is expected to be passed but it does not classify Ypsilanti as a sanctuary city.

House Bill 4105, which is similar to a bill introduced in the last legislative session,

would bar municipalities that violate the ban or do not meet certain reporting requirements from receiving a portion of state revenue sharing money.

“My only concern was having municipalities enforce the existing laws,” said Rep. Pamela Hornberger, R-Chesterfield Township, who introduced the bill.

Under the bill, local governments would have to advise law enforcement officers in writing of their duty to inform federal officials if they have “probable cause to believe that an individual under arrest is not legally present in the United States.”

The bill was met with criticism from at least one Democratic lawmaker and the American Civil Liberties Union.

The ACLU of Michigan, in a list of talking points for its constituents, called the bill “discriminatory, costly, and divisive.”

Shelli Weisberg, political director for ACLU of Michigan, said the bill is unconstitutional.

“This legislation would undermine our constitutional rights,” Weisberg said in an email, citing the first talking point on ACLU’s list. “Detaining someone without a judicial determination of probable cause is unconstitutional.”

The ACLU of Michigan, on its Twitter account, also called for people to show up to Hornberger’s office hours next week at a coffee shop.

Rep. Stephanie Chang, D-Detroit, said in a statement released three days before SB 4105 was introduced that the “proposal is a step backward.”

“I believe that our local jurisdictions should have the ability to do more to be welcoming and safe communities for all. This proposal is a step backward,” she said. “Police should be able to focus on stopping and solving crimes in our local communities, not checking immigration papers.”

“Sanctuary city policies, like those

in Detroit and Ann Arbor, help build community and police relations,” Chang added. “Under sanctuary city policies, undocumented immigrants are less likely to be fearful of contacting the police due to their immigration status.”

Hornberger disputed the idea that the bill, if made law, would lead to profiling.

“It’s not causing anyone to profile,” she said. “It’s asking law enforcement officers to enforce the laws that are already in place.”

Hornberger added the bill only gained attention after President Trump’s executive order was signed and the ACLU sent out its talking points in opposition.

The bill was referred to the House Local Government Committee. ■

The original version of this story was posted online on Feb. 3, 2017 and is available at MichCapCon.com/23251.

LESS DEMOCRATIC

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49 measurements, was 57 out of 100. The Great Lakes State was ranked ahead of ten other states, including Ohio, Wisconsin and Pennsylvania.

A 2014 study by the project used the same scoring criteria to rank countries by evaluating their presidential and parliamentary elections. Some of the countries that ranked higher than Michigan were Iran (64), Cuba (66), and the Democratic People's Republic of Korea (65). Venezuela's had an index score of 57, tying Michigan.

Bradley Smith, a law professor at Capital University and an adjunct scholar with the Mackinac Center for Public Policy, said the study is "absurd" and not based on objective criteria.

"Isn't a study that ranks Cuba, North Korean and Iran higher on a democracy list than half of the United States — from conservative Georgia to liberal New York, from tiny Rhode Island to

giant Texas, self-evidently absurd?" said Smith, a former chairman of the FEC who now specializes in election law and campaign finance. "That should be enough to dismiss this silly study."

The study made national news in December after an op-ed was published in the Raleigh News & Observer highlighting a claim that North Carolina is no longer democratic.

Andrew Reynolds, the author of the op-ed, helped establish the system used by the Electoral Integrity Project.

"If it were a nation state, North Carolina would rank right in the middle of the global league table — a deeply flawed, partly free democracy that is only slightly ahead of the failed democracies that constitute much of the developing world," Reynolds wrote.

Reynolds then explained North Carolina "can no longer be classified as a full democracy" because of the GOP's legislative dominance, the limitation of transgender rights in the state, and

the government's detachment "from popular will."

Smith responded by saying, "The rankings are based not on objective criteria, but on a poll of 'social scientists,' 'who ha[ve] demonstrated knowledge of the electoral process in a particular country.' One can meet this vague criteria merely through 'membership of a relevant research group or network, or university employment.'" He added, "In other words, it's not necessary that the 'experts' have actually done research in the field, if they are employed by a university or join the right group."

Smith also said the study's sample sizes are "ridiculously small in most cases" and can be easily swayed by biased respondents. "For example, Cuba's ranking is based on 3 responses; North Korea's on two; even the 2014 U.S. elections were scored by just 8 people," he said. "Nor should we assume that these 'experts' in repressive countries felt free of pressure on how to respond."

"The criteria is subjective, and often ideological highly contested —

for example, U.S. scores were lowered in the latest survey because of recent deregulation of the campaign finance in the United States — even though those who have argued for such deregulation believe it is a huge plus for democracy," Smith continued.

Smith also pointed out that Brazil, Tunisia, Turkey, Rwanda, Georgia (the former Soviet Republic), Bhutan and Serbia outscored a one-fourth or more of U.S. states.

"This 'study' is not only not worth the paper it is printed on, it should irritate honest election specialists because it is the type of bogus study that makes people skeptical of 'experts' who purport to know what is best for them," he said. "Is there a person in the state of Michigan who really believes that Cuba and Iran are more democratic than Michigan? I didn't think so either." ■

The original version of this story was posted online on Jan. 7, 2017 and is available at MichCapCon.com/23165.

Detroit's Soccer Stadium Should Stand on its Own

BY MICHAEL D. LAFAYE
AND JOHN C. MOZENA

Wayne County Executive Warren Evans has issued an ultimatum to the people who propose to build a professional soccer complex in exchange for the "Fail Jail" site in downtown Detroit. Evans said that the project must not cost taxpayers any more than simply finishing the jail as originally planned would. That's simply not good enough.

While Evans' defense of his constituents' interests is laudable, he and the Wayne County Commission should go further. They should prohibit any and all subsidies, incentives, tax breaks or other public funding for the proposed stadium project. Public subsidies of professional sports stadiums don't benefit local residents, and this plan already calls for enough additional sacrifice by the people of Wayne County. Residents should not have to pay for any other

public investment in a privately owned, billion-dollar project.

The proposal is tied up with the construction of a new county jail annex, which was stopped after estimates of its cost ballooned, through mismanagement and alleged corruption, from an initial \$220 million to \$391 million or more. The Wayne County Commission approved \$300 million in bonds for the project, and an astonishing \$151 million has already been spent, with little to show for it.

Last April, NBA team owners and business owners Dan Gilbert and Tom Gores announced plans to apply for a Major League Soccer expansion team in Detroit. Gilbert and Gores identified the jail site and surrounding court complex as their preferred location for the team's stadium and associated mixed-use residential and commercial developments. Their representatives

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FORtheRECORD

New York Times Wrong: Detroit Charter Schools Didn't 'Desert' Kids, the City Did

The New York Times' problematic reporting on Michigan's charter schools has raised eyebrows among education reformers. A previous story here described how the newspaper created the impression that well-heeled anti-charter school interests in Michigan lacked resources to compete with charter school defenders, including Betsy DeVos, who is slated to be the next U.S. secretary of education.

The same story also suggested charter schools had declined to serve the neighborhoods where the neediest Detroit students live.

The Times wrote: "But that will mean shutting down mostly traditional public schools, which in Detroit serve the neediest students, and further desert students in neighborhoods where charters have largely declined to go."

FORtheRECORD says: The New York Times was either unaware of or ignored a roadblock that local political leaders placed in front of anyone seeking to open a new charter school. The city of Detroit and Mayor Michael Duggan had banned the sale of 77 properties — including many

closed school buildings — to any charter school that wanted to locate within one mile of an existing district school.

Michigan Capitol Confidential reported earlier that a resolution imposing the ban was adopted four days after the Detroit's exit from federal bankruptcy court was approved. That meant the city was so intent on stopping charters it turned down potential revenue from selling empty buildings.

From the April 20 Michigan Capitol Confidential story:

"Within a week of a federal bankruptcy judge confirming the final amendment to a \$6.8 billion city of Detroit bankruptcy plan in 2014, Mayor Michael Duggan approved a ban passed by the city council on selling \$11 million worth of city-owned property to any charter school located within one mile of an existing Detroit school district school. The property that the city acquired from Detroit Public Schools included 53 closed school buildings."

The map of the city's schools shows how restrictive a one-mile ban within the city limits can be. ■

President of Nation's Largest Teachers Union Got 23 Percent Pay Bump Last Year

The National Education Association's president, Lily Eskelsen Garcia, received a 9.5 percent pay raise and had a 23 percent boost in total compensation in 2016, according to documents the teachers union filed with the federal government.

Garcia's salary increased from \$303,934

in 2015 to \$332,944 while her total compensation jumped from \$416,633 to \$512,504.

Michigan's public school teachers who belong to the Michigan Education Association have a portion of their union dues forwarded to the NEA. ■



Lily Eskelsen Garcia
National Education Association President

Incomes Rise in Right-to-Work Michigan; Officials Project More To Come

Twice a year, officials from Michigan's Senate Fiscal Agency, House Fiscal Agency and the Treasury Department assemble to create a consensus estimate of how much revenue the state is likely to collect in the next couple years. In their work, officials consider economic trends that are likely to make a difference in how much money the state takes in.

The consensus from the latest conference, released last week, shows the three agencies projecting that the personal income of Michigan residents will increase faster than inflation over the next three years. The January consensus report projects that personal income for Michigan residents will increase by 3.9 percent this year, 3.7 percent next year and 4.1 percent in 2019.

That's what may happen in the near future. Here's what did happen in the recent past: Incomes have been on the rise.

From 2012 to 2015, personal income in the state increased 11.0 percent, which is very close to the national



average of 11.2 percent. In each of the first three quarters of 2016, personal income in the state grew by 3.8 percent to 3.9 percent over the previous year, increasing faster than the national average each quarter.

When Michigan's new-right-to-work law was enacted at the end of 2012, critics claimed it would cause incomes to fall. They mocked a law that frees employees from having to pay union dues as a condition of employment by calling it "right-to-work-for-less." ■

Teachers Union Said They Were Done Losing Members (They've Lost 17K Since)

By 2015, two years after Michigan had become a right-to-work state, the state's largest teachers union said it was no longer losing members. The Michigan Education Association (MEA) had spent those two years erecting obstacles to members seeking to leave. The obstacles included maintaining a narrow annual opt-out window (now illegal), attempting to damage the credit rating of teachers who exercised their right to not pay dues and in some cases, bullying people who wanted to leave.

In January 2015, the Detroit Free Press reported:

Last year, the Michigan Education Association lost nearly 5,000 members as its membership ranks dropped to 110,000 during a highly publicized one-month window that the union's teachers had to leave the union.

Nancy Knight, director of communications and public policy for the Michigan Education Association,

said the union's membership decline came after an intense, summer-long campaign waged by the Mackinac Center that targeted the union's members.

"We feel that all of those members that intended to leave did leave," Knight said. "We do not anticipate a future decline in membership."

FORtheRECORD says: Unions are required to file annual reports with the federal government, and the MEA's most recent one was released this week. It reveals that membership is still on the decline. In 2012 (before right-to-work), the union had 117,265 members. The number fell to 113,147 in 2013; 107,868 in 2014; 94,559 in 2015 and 90,609 in 2016.

In other words, another 17,000 people have left the union in the two years since the MEA said it expected no further declines. That's nearly a quarter of its currently employed members. ■

Michigan Taxpayers Don't Need to Spend \$4 Billion Annually on Infrastructure

BY JAMES M. HOHMAN

Michigan's 21st Century Infrastructure Commission recently came out with a report that made 107 recommendations to improve the state's telecommunications networks, energy, transportation, drinking water and sewers. Media and state pundits jumped on it, claiming it says that Michigan needs \$4 billion each year in additional infrastructure spending. But that's not exactly what the report actually says.

The bulk of the report's recommendations center around improving the management of existing infrastructure. There are 74 recommendations that will not require new spending, such as comprehensive planning, more coordination among agencies that control infrastructure, and many others. To this end, the report wisely recognizes that improving infrastructure is more than just spending money on building new stuff.

But some of those recommendations seem empty or just plain confusing. Consider this one: "To enhance community resiliency and optimize costs, the Michigan [DEQ] and [DNR] should facilitate the development of tools that enable stormwater and wastewater system owners, managers, and operators to fiscally and operationally manage green infrastructure through asset management plans." It's unclear to me what this means or what it calls on the DNR and DEQ to do, let alone why this recommendation will help.

When spending is called for in the report, it is often for projects that aren't

really infrastructure. For example, it asks for \$20 million annually to "promote Michigan as the focal point of the global intelligent vehicle industry." Marketing a niche industry is much different from reconstructing roads.

Related, it also calls on the Department of Transportation and the Michigan Economic Development Corporation to "advance Michigan's intelligent vehicle industry." It provides no details about how that should be done, but it will cost \$2 million. Altogether, of the 33 recommendations to spend more money, only 11 actually call for spending more money on infrastructure.

Other parts of the report are objectionable. It says that the state has targeted itself to produce 30 percent of its energy from renewable sources. That's odd considering that voters rejected a proposal to increase this mandate to 25 percent in 2012 by a margin of 62-38.

Where the report does call for more spending, it's important to remember that most new revenue to pay for it should not come from general taxes. The second largest area of spending called for in the report is to improve the Soo Locks. But funding for such an endeavor should come from enacting fees on the ships that use the locks. As William B. Newman and Jarrett Dieterle write, "User fees are appropriate under a beneficiary-pays principle, which recognizes that commercial lakers like the 1,000-foot vessels transporting iron ore through Sault Ste. Marie derive special benefits from the locks beyond those enjoyed by the general public."



Indeed, little of the state's infrastructure is paid by general tax dollars and most is paid by user fees. Local water and sewer entities have no limits on what they can charge their users, provided that they abide by user fee principles in their billing. The communications towers are paid by charges on the people who use them. The costs of erecting and maintaining power lines are paid by the people who use electricity.

Regulators and managers ought to prioritize ways to keep the costs they pass along to consumers down, but the costs should be paid by the people who actually make use of the infrastructure. Likewise, the costs assessed upon end users can be an appropriate economizing feature: The infrastructure that gets built only can be sustained if enough people use it at the prices it takes to maintain it.

The largest area of spending called for in the report, however, is the exception. The report asks taxpayers to spend \$2.2 billion more on road funding, above what was generated by the recent gas and registration

tax increases. The report's recommended figure is odd though, because even tax increases proposed in the ill-fated Proposal 1 of 2015 wouldn't have generated that much new revenue for roads. Plus, the major roads that carry half the state's traffic already have good ratings — 84 percent of these roads are in good or fair condition. That's not to say that the state ought not improve roads, but it does bring up the question of urgency.

Michigan funds its roads with a loose user fee principle. The bulk of payments come from fuel taxes and vehicle registration taxes, which tend to be generated by the people who use the roads. But Michigan has spent general taxpayer dollars on the roads and the federal government borrows money to give to states to spend on the roads, all of which get paid jointly by all taxpayers. State lawmakers have leveraged this loose user fee principle to get a tax hike and redirect some of the general taxpayer dollars that were spent on the roads to other budget priorities.

All this goes to show that this report makes a very weak case for taking \$4 billion from taxpayers and spending that money on infrastructure. There may be room for improvements, but much can be provided under the policies currently in place, and residents should be skeptical that general taxes need to pay for further infrastructure. ■

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SOCCKER STADIUM

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made statements about building the county a new jail and courts elsewhere in return for the Gratiot property, but they have not presented a formal proposal to accomplish this swap.

Evans has visibly had enough of this state of affairs and has set deadlines for restarting the construction process. Speaking at the Detroit Economic Club in mid-January, he identified finishing the jail as his top priority for 2017 and set a deadline to resume the construction process. He has said publicly many times that any deal to transfer ownership of the Gratiot site must include a new jail being built at no extra cost to the public beyond what finishing the existing, partially built jail would incur.

Evans' line in the fiscal sand was the first piece of good news to come out of the fail jail debacle in years. But he and the members of the Wayne County Commission could make even more good news by taking a principled stand on behalf of their constituents and extend this protection of local taxpayers by banning any form of public funding for the proposed soccer complex.

As we noted when Gores announced the Pistons' move to Little Caesars Arena in downtown Detroit and the Detroit Downtown Development Authority pledged \$34.5 million to assist in the move, sports facilities are not "transformational" or "catalyst" developments. Nor do they improve the business climate in a city. A hot dog or beer purchased in a stadium or nearby bar isn't a new economic impact. It's simply a hot dog or beer that is not

being sold by an existing restaurant in different part of the city.

The economic impact of a soccer stadium would be even more limited than most projects, as open-air stadiums in the upper Midwest sit empty much of the year. Nearby Comerica Park is largely silent from November to April, driving no traffic to local businesses. It's also worthwhile to note that the closest MLS team to Detroit, the Columbus Crew, were only active in their stadium between May and October of 2016, playing just 19 games.

There's also a cost to local businesses to moving the entire court and jail complex. Many local law firms and attorneys, as well as bail bondsmen and others, have offices within walking distance of the existing court and jail complex. Moving everything miles away will force them either to uproot or suffer the inconvenience of extra

travel. They shouldn't have to subsidize a development that will already be forcing them to incur additional costs.

These are not simply the observations of two frugal, taxpayer-friendly soccer fans. Research by academics shows that on balance, professional sports teams and stadiums do not create jobs and wealth.

That's why Wayne County's elected officials should stand firm, requiring project developers to forgo any form of public subsidy from the usual suspects: the Michigan Economic Development Corporation, the Michigan Strategic Fund, the Detroit Economic Growth Corporation, the Detroit Downtown Development Authority or Wayne County's own Economic Development Department. ■

The original version of this story was posted online on Feb. 1, 2017 and is available at MichCapCon.com/23247.

TRANSPORTATION TAXES

from Page One

With the new road tax money rolling in, all but \$9.75 million worth of General Fund revenues were removed from this year's transportation budget. The \$392 million in General Fund money previously earmarked for roads is now mostly paying for Medicaid and public schools.

Specifically, the school aid budget is getting \$163.8 million more in General

Fund revenue this year, and the state agency that manages Medicaid is getting \$132.6 million more.

The budgetary change is a lesson in fungibility: Increased tax revenue can be shifted from one purpose to another. Moving some General Fund revenue to transportation allowed more road repairs in the last couple years than would have been the case without that money.

Such details rarely wind up in the talking points politicians use to sell the

public a tax increase. You won't see any press releases promoting the gas tax as a way to fund medical welfare programs, just as you didn't see many complaints about there not being enough school funding last year because general fund revenue shifted to roads.

The gas and vehicle registration taxes will continue to fund the transportation budget. And lawmakers plan to send some of the income tax money to roads in the future, so there will be more road funding.

Still, drivers got more road funding the last few years without having to pay for it in the form of higher transportation taxes. When those taxes did go up starting this month, Lansing's response, at least in the short term, was to spend more on schools and Medicaid. Taxpayers should pay closer attention to the lesson about fungibility as they listen to future state spending debates. ■

The original version of this story was posted online on Jan. 5, 2017 and is available at MichCapCon.com/23162.

Union Enlists a Mayor to Endorse Fabulist Claims on Teacher Pay

BY TOM GANTERT

The Michigan Education Association has for years promoted a claim that public school teachers are so underpaid that many live in poverty. The facts show it would require extraordinary and highly unlikely circumstances for a full-time teacher in the state to meet the official definition of poverty.

Michigan's largest teacher union recently enlisted a new ally in promoting this narrative: Royal Oak Mayor Mike Fournier.

The MEA wrote in a press release that Fournier "knows educators who've watched their pay drop to poverty levels

due to step freezes and state-mandated health care premium increases."

Fournier's wife teaches at the Waterford School District, where the union contract sets the lowest starting salary for a first-year teacher at \$37,200. At the Royal Oak school district, a first-year teacher with a bachelor's degree starts at \$38,452.

Statewide, the average salary for Michigan public school teachers was \$61,978 in 2014-15, the most recent year for which data is available. At Royal Oak Schools, the average teacher salary that year was \$66,506.

The federal poverty guidelines start at \$12,060 for a single person and reach

as high as \$41,320 for a household with eight people living in it.

To meet this definition, a starting teacher with a salary of \$37,140 would have to be the sole breadwinner for a household of seven. With its slightly higher starting pay, a new Royal Oak teacher would have to be supporting a household of eight people.

Fournier was asked to cite the school district from which the teacher was paid at the poverty level.

He didn't respond to that question but did comment in an email:

"I fundamentally oppose the profitization of education and the operatives who unfairly attack school teachers

to make a buck," Fournier said. "It's unbelievable that an intelligent person can look at starting teacher salaries and proclaim it is a livable wage for someone charged with a very important task. It is unconscionable and immoral to blame teachers for the current state of education in Michigan. We need to turn our attention to the hired guns and puppet politicians who demonize and minimize the contributions of noble people trying to make a better future for our kids." ■

The original version of this story was posted online on Feb. 4, 2017 and is available at MichCapCon.com/23250.

'Unregulated' Charter Schools? 13 Things You Did Not Know

BY TOM GANTERT

Michigan charter schools are among the most regulated schools in the country, according to the Michigan Association of Public School Academies. Here are 13 rules and laws the association says charter schools in this state must follow:

1. Michigan law requires a charter school to be closed if it is in the bottom 5 percent of state public schools in academic achievement three years in a row.
2. Charter school authorizers hold charter schools accountable to the requirements spelled out in a legally binding contract. The contract covers expectations and goals for the school.
3. Charter schools can limit enrollment based only on building capacity. Here's a list of some of the grounds upon which charters may not discriminate:
 4. Charter schools operate under the same legal requirements for providing special education services as any other public school.
 5. Michigan charter schools must participate in standardized testing.
 6. Michigan charter schools must hire state-certified teachers and administrators.
 7. Michigan charter schools must evaluate their teachers and administrators each year.
 8. Michigan charter schools must comply with the Open Meetings Act and the Freedom of Information Act.
9. Charter schools must post extensive financial information online.
10. Charter schools in Michigan have a tougher conflict of interest law than conventional counterparts. The law states that charters must prohibit any conflict between a public board member and a person or entity with which the board would contract. Conventional public school board members only have to recuse themselves from the vote. Charter school board members are prohibited from serving on the board when such a conflict occurs.
11. Michigan charter schools must pay for their own facilities out of money they receive from the state for operations. Unlike conventional public schools, they cannot ask voters to approve bonds or millages to pay for facilities, technology or anything else.
12. Michigan charter schools are legally defined as public school districts, which means that any law that applies to a conventional district automatically applies equally to them.
13. Michigan charter schools are organized by law under the Non-Profit Corporation Act. They are public schools and nonprofit entities.

The information for these bullet points was provided by the Michigan Association of Public School Academies and verified by CapCon. ■

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IM JUST A BILL

MichiganVotes.org

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

House Joint Resolution A **Establish part time legislature**

Introduced by Rep. Michael Webber (R)

To place before voters in the next general election a constitutional amendment that would limit annual legislative sessions to 90 consecutive days. More than 20 part time legislature proposals have been introduced in recent Legislatures. Proposals to change the state constitution need a 2/3 supermajority in the House and Senate to be placed on the ballot.

House Bill 4001 **Reduce state income tax rate**

Introduced by Rep. Lee Chatfield (R)

To cut the state income tax from the current 4.25 percent to 3.9 percent starting in 2018, and then gradually phase out the tax over a 39 year period with annual cuts of 0.1 percent.

House Bill 4011 **Regulate Uber, Lyft, etc.; preempt local bans**

Introduced by Rep. Peter Lucido (R)

To petition the U.S. Department of Education to allow Michigan to no longer participate in daylight savings time clock changes, and instead use Eastern Standard Time as the year-round time zone for the entire state.

House Bill 4016 **Create centralized government infrastructure planning council**

Introduced by Rep. Patrick Green (D)

To create a central government infrastructure planning council comprised of specified political appointees to “develop a long-term, integrated infrastructure strategy for publicly held assets in this state,” and explore ways to pay for increased spending on this, based on findings from an initial pilot program the bill would require.

House Bill 4019 **Impose contraceptive insurance mandate**

Introduced by Rep. Pam Faris (D)

To impose a new health insurance coverage mandate requiring that all policies include paying for a one year supply of birth control pills or other contraceptives.

House Bill 4029 **Let state enforce city income taxes**

Introduced by Rep. Wendell Byrd (D)

To authorize cities and the state Department of Treasury to enter agreements under which the Department could use its statewide authority to enforce the city’s income tax.

Senate Bill 3 **Repeal prevailing wage law**

Introduced by Sen. David Robertson (R)

To repeal the state “prevailing wage” law, which prohibits awarding government contracts to contractors who submit the lowest bid unless the contractor pays wages based on pay scales that local union officials represent as prevalent in a particular area, but which tend to be above the market rate.

Senate Bill 4 **Reduce income tax rate**

Introduced by Jack Brandenburg (R)

To cut the state income tax from the current 4.25 percent to 4.0 percent starting in 2018, and then cut it another 1 percent for each of the next four years until the tax is eliminated in 2022.

Senate Bill 22 **Ban housing young prisoners with older ones**

Introduced by Sen. Bert Johnson (D)

To require the Department of Corrections to only house 17- to 22-year-old inmates with others in that age range, unless specific circumstances prevent this.