MIRS Capitol Capsule
"If you don't read us, you just don't get it!" News
And Information About Michigan Government

Mackinac Center Strikes Back

On Friday, *MIRS* published statements by House Fiscal Agency Director Mitch **BEAN** alleging that the Mackinac Center had negatively affected the state's budget debate by suggesting budget-slicing measures that wouldn't stand scrutiny (See "Bean: Mackinac Center Did Public Disservice," 11/16/07).

Today, *MIRS* is presenting a rebuttal to Bean's arguments with this brief interview with Jack **McHUGH** of the Mackinac Center.

Q. What's your response to Bean's claims?

A. It must be noted that in that article Mitch Bean took off his fiscal analyst hat and expressed political policy judgments. Let me make a general observation about the fiscal agencies. Their task is to describe for policymakers and the public what's inside the box, not necessarily to think outside it. That's not a criticism, it's just their job description.

But there's a risk in that of "falling in love" with the box and becoming a defender of the status quo of how state government currently operates. There's also a tendency for people in bureaucracies both public and private to view "standard operating procedures" as unchangeable facts of nature. So when an outsider recommends doing things differently the reaction may be as if someone suggested repealing the law of gravity.

And, as a defender of the status quo government establishment, it's not surprising that Mr. Bean would view an organization that suggests we should change business-as-usual as "doing a disservice to the public." But outside of Lansing most people would probably think this view is exactly backwards.

Q. From your perspective, exactly what do you claim Bean was wrong about?

A. Most of the recommendations he criticized were from an op-ed that briefly encapsulated ideas for fundamental government restructuring that had been detailed in previous Mackinac Center studies, or ones by other think tanks. Those studies were cited, but Mr. Bean doesn't appear to have looked at them.

On prevailing wage, for example, he guessed about the Mackinac Center's cost assumptions. He doesn't have to guess. The peer-reviewed study is on our Web site, with its methodology clearly explained. And Mr. Bean's guesses were off.

On prisons, the article referenced a nationwide prison study by the Rio Grande Foundation that found that in states with even a few private prisons, costs in the public prisons rise less rapidly than in states where there are none. Apparently, the presence of competition sharpens the public prisons' incentive to contain costs. Other studies from the Reason Public Policy Institute, academics and others have noted the same thing.

So perhaps Michigan wouldn't be paying its public prison guards 30 percent more than the national average if there were even a few private prisons in this state. The record from elsewhere suggests that our costs per prisoner throughout the system would be less — specifically, by almost $200 million. But Mr. Bean ignores or is unaware of this dynamic analysis, and so scoffs at the potential savings figure, assuming it represents just the direct savings from the private prisons themselves.

Q. And presumably you don't buy the figures the administration uses when they claim the Baldwin "punk prison" didn't represent a cost savings, do you?

A. He (Bean) knows better than almost anyone how skewed those cost-per-prisoner figures were. They were calculated after many of the prisoners had been removed. There's ample evidence from many sources that when done properly competitively contracting for prison management or ownership produces big savings.

Q. What about the state police road patrol issue?

A. Mackinac Center projected $65 million in savings from devolving State Police road patrols to less costly county sheriff deputies. Once again, the savings figure isn't just a static analysis of salaries, as Mr. Bean implies. It's based on the difference between the cost of grants reimbursing counties for adding more deputies, and $195 million in overhead savings that fewer troopers would make possible.

Mr. Bean also criticized the Mackinac Center for an item we didn't actually recommend, although we did mention it in our most recent budget study. This was the Senate proposal for a state employee early-out program. We cited this as an example of "creative responses" for avoiding tax hikes. The $192 million savings figure came from a Senate Fiscal Agency presentation.