

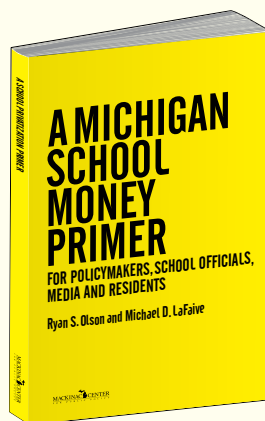
## Priming the Pump for Change in Michigan's Schools

When Dr. Ryan S. Olson, director of education policy, and Michael D. LaFaive, director of fiscal policy, decided to produce a primer on the financing of Michigan's elementary and secondary public schools, they knew it would be a monumental undertaking. Yet they were still astounded by the volume of laws and documents governing the system and the byzantine interactions between levels of government and education bureaucracies.

The end product of their research, a 180-page book titled "A Michigan School Money Primer," distills all this into one useful reference guide. Unprecedented in its scope, the primer traces the more than \$19 billion — nearly \$12,000 per full-

time-equivalent pupil — in state, federal, local and intermediate school district tax revenues that fund the state's public school budgets.

"Our desire was to produce an accurate, thorough and objective overview for anyone involved or interested in how public school dollars are raised, channeled and spent," said Olson. "We pored over hundreds of pages of Michigan statutes, the state constitution, court decisions and documents from the federal,



state, local and intermediate school district levels."

The primer is geared toward policymakers, school officials, media and Michigan residents who desire a "sound knowledge of the financial workings of Michigan's elementary and secondary school system." It contains a combined total of more than 600 footnotes and endnotes.

Nearly 9,000 copies of the primer were sent to school district superintendents, school board members, state legislators, public libraries and reporters. Additional copies have been  
*see "Priming," Page 6*

## Deconstructing School District Consolidation

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Can public school districts take advantage of economies of scale the same way retail businesses do? According to the governor, legislators, school officials and reporters, the answer is "Yes." School district consolidation, they say, will allow the state to find needed savings without addressing systemic problems.

Mackinac Center Adjunct Fellow Andrew Coulson decided to examine this question empirically. After months of rigorous investigation and statistical analysis, the Center in May released Coulson's findings in a study titled, "School District Consolidation, Size and Spending: an Evaluation."

Coulson, who also serves as director of the Center for Educational Freedom at the Cato Institute, found that other things being equal, districts of roughly 2,900 students tend to spend the least per pupil and that both smaller and larger



Adjunct Fellow Andrew J. Coulson discusses his school district consolidation study with Lansing reporter Tim Skubick at a June 7 Issues & Ideas forum.

districts tend to spend more.

Consolidating smaller districts to achieve the optimal size theoretically could save about \$31 million in annual operating costs, while breaking

*see "Consolidation," Page 7*

## The Character Issue — Why We Talk About It



Lawrence W. Reed  
President

Four years ago on June 30, 2003, we lost our Senior Vice President Joe Overton in a tragic plane crash. Most of you reading this either met him or knew him well, or are aware of his enormous impact on our organization and on others around the country.

Joe was a strategic and organizational genius. He was also an articulate spokesman for all the right causes. But his greatest legacy, from which all his other contributions flowed, was his character. In both public and private life, his example was a constant inspiration. He was a true leader because he possessed an unassailable character. It never surprised anyone to learn that his favorite verse from Scripture was 2 Timothy 1:7, which reads, "God did not give us a spirit of fear or timidity, but of power, love and self-discipline." (See [www.mackinac.org/5563](http://www.mackinac.org/5563) for an essay on Joe.)

You may have noticed that "the character issue" has figured more prominently in Mackinac Center publications and programs in recent years. That's intentional. It's becoming ever more obvious that what can be hard-won with reason, evidence and compelling argument can be easily lost for want of character. Indeed, I don't know how liberty and sound policy can be maintained in any society where truth, honor and honesty are dismissed in favor of convenience, ambition, or the next election. From our new college outreach program to the occasional monograph to numerous speaking engagements, the Mackinac Center is consciously seeking to elevate appreciation for character and the genuine role models who exhibit it.



As a result of his speeches and writings on the importance of character, Lawrence W. Reed in February was invited to speak to hundreds of cadets at the Air Force Academy in Colorado Springs, Colo.

The message is resonating. People are alarmed that character seems to be in dwindling supply. They're tired of all the attention given to foul-mouthed celebrities and unprincipled political hucksters. A commencement address I delivered at a school in Missouri in May 2006 ([www.mackinac.org/7744](http://www.mackinac.org/7744)) prompted a hugely favorable response that led to numerous additional invitations. Last February, I was thrilled to speak about character to hundreds of cadets at the U.S. Air Force Academy in Colorado Springs, Colo. Our monograph about Sir Nicholas Winton and the importance of character (see featured item on page 11) was distributed at a conference of 1,200 social studies teachers; thousands more have been

ordered from around the nation.

It's not enough to know what's right. One must have the courage to speak it and to do it. That's where character comes in. Self-government depends upon it mightily. No free society has ever emerged without it, and not one has survived its abandonment. When people cast character to the wind, they become suckers for the con artists who promise something for nothing.

Character. Too much is at stake for us to neglect this timeless attribute. **I**

*Lawrence W. Reed*

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## Road Improvements

It has been said that Michigan has two seasons: winter and construction. Though corny, the joke resonates with Michiganians. Anyone who's driven a reasonable distance through our peninsulas has probably encountered roads under construction — or in need of it.

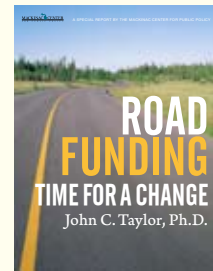
The problem is likely to get worse, according to a road study released by the Center in April. Authored by Dr. John C. Taylor, one of Michigan's preeminent experts on transportation, the study found that unless real funding reforms are enacted, the condition of state, county and local roads will experience significant deterioration over the next decade. At the same time, congestion is expected to reach levels that will limit or harm economic development prospects throughout the state.

The 92-page study, "Road Funding: Time for a Change," called for additional revenues for Michigan roads, but only if they are offset by tax cuts or savings

elsewhere, and coupled with significant statewide reforms and innovative strategies.

"Mobility is critical to our economic prosperity and quality of life," said Taylor, a senior policy analyst with the Mackinac Center, an associate professor of marketing and logistics at Grand Valley State University, and the author of an influential 1995 Mackinac Center study on Michigan's transportation infrastructure policies. "But under the current system, the state cannot maintain a network of efficient and reliable roads."

Taylor estimated that Michigan's transportation infrastructure will require at least an additional \$1 billion annually, funded by state and local government road taxes, automated toll lanes and cost-saving reforms. Pavement with remaining service life in good condition is expected to drop from 92 percent this year to 68 percent in 2014. Annual revenue dedicated to roads is projected



to decline from \$1.6 billion in 2007 to \$1.2 billion in 2011.

While extra revenues are needed, "much of the new state funding should

be steered to a 'high priority economic development network' of selected state, county and city roads to be identified by road officials," Taylor said. "In addition, savings can be achieved by consolidating the number of road agencies involved in Michigan road building and maintenance, eliminating prevailing wage laws, closing loopholes in registration fee collections and adopting other common-sense measures."

The Mackinac Center report is available at [www.mackinac.org/8374](http://www.mackinac.org/8374). **I**

## Collective Praise

*"I believe it is important for each of our Board of Education members to read it ..."*

As school districts across Michigan look for ways to direct more funding toward their core mission — educating students — several officials are increasingly relying on Mackinac Center scholarship for help.

Released in early 2007, "A Collective Bargaining Primer for Michigan School Board Members" has received a great deal of attention, with board members, superintendents and libraries statewide requesting copies.

Mike Rowley, a board member in the Essexville-Hampton schools, said reading the primer was time well spent.

"Some of what I learned about our system is upsetting, but ignorance won't help with change," Rowley said. "With the knowledge gained, I hope in some small way I can make a difference."

The book, authored by Thomas W. Washburne, director of labor policy, and Michael D. Jahr, director

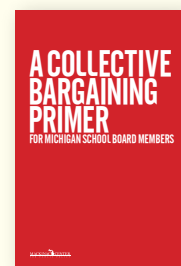
of communications, was written as a reference guide for school board members trying to make the critical decisions that impact children, parents, employees and taxpayers alike.

Ron Wilson, superintendent of Cass City Public Schools, called the book a "great resource," especially as the district is engaged in contract talks with its teachers union.

"The conclusion, found on page 86, does a nice job summarizing the challenges facing school districts as they negotiate teachers' contracts," Wilson said.

Another superintendent wrote to request seven additional copies of the primer. "I would like to thank you for providing me with a copy of the book 'A Collective Bargaining Primer,'" he wrote. "Upon reading it, I believe it is important for each of our Board of Education members to read it also."

A number of school board members,



superintendents and negotiators contributed to the primer, and all testified to the overwhelming challenges they face. A myriad of complex educational issues, numerous financial

demands and the competing interests of employee unions and taxpayers can tend to overwhelm board members.

"Balancing fiscal responsibility with the goal of quality education is difficult," Rowley said. He added that board members across Michigan want to make the system better and promote what he calls "win-win solutions," such as seeking competitive bids for employee benefits.

"I believe the information in (the book) will help me be a part of what I hope is an open dialog," he said. **I**



## Excising a Job-Killing Tax

An ignorance of basic economics — like an ignorance of basic physics — increases the likelihood of counterproductive behavior. This reality is captured in a quote frequently attributed to Winston Churchill: “For a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.”

Apparently believing that money extracted from the economy and turned over to state government will produce economic growth, elected officials in Lansing have been standing in buckets and straining against the handles. Between January and June, policymakers proposed reviving the death tax, expanding sin taxes, imposing an amenities tax, expanding the sales tax to certain food items, taxing water bottled inside Michigan (but not water bottled elsewhere), levying a new phone tax, raising

license fees on scores of professions, increasing income taxes, adding a \$150 million garbage tax and more.

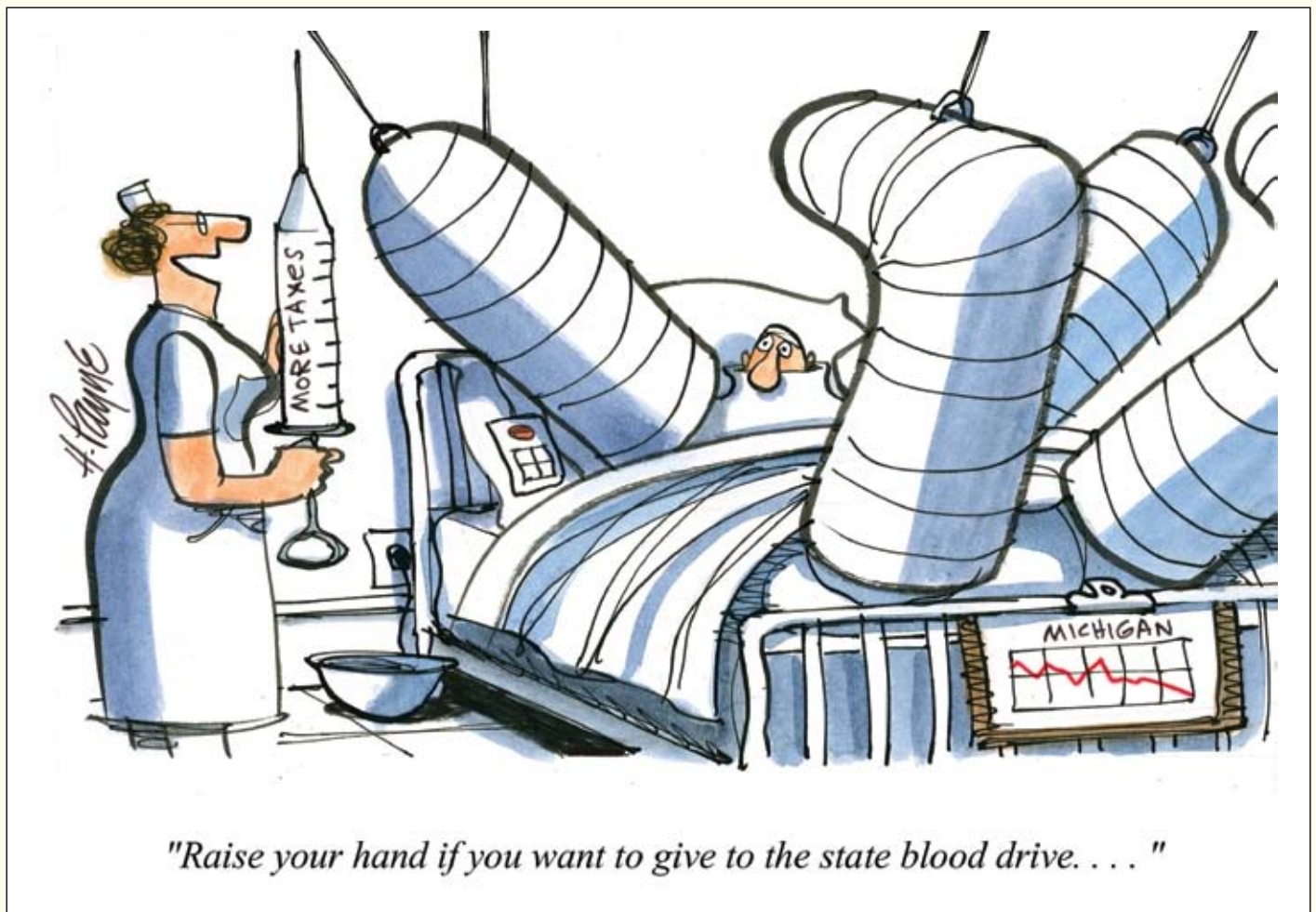
One of the most costly new tax ideas was proposed by Gov. Jennifer Granholm. Hoping to raise \$1.47 billion more for state coffers in fiscal year 2008 alone, she introduced a 2 percent excise tax on hundreds of services, from bowling to legal services.

Michael D. LaFaive, director of the Morey Fiscal Policy Initiative, doubted the tax would generate the revenues the governor predicted and knew it would negatively impact economic growth and job creation. So he asked the Beacon Hill Institute — a nonpartisan research organization with expertise in modeling the economic impact of state tax policies — to examine the net impact such a tax would have on Michigan’s economy.

The analysis showed that the tax would cost up to 19,000 Michigan jobs through fiscal year 2008. The lower return on capital caused by the tax increase would mean less investment in Michigan and, according to the report, result in less job creation, less wealth and lower revenue for the treasury.

The report generated widespread media coverage and was featured in an Issues and Ideas forum in Lansing where Kalamazoo businessman David Rhoa discussed the detrimental effects a service tax would have on his family-owned company.

Fortunately, Michigan taxpayers grasped the implications of the proposed tax. Support for the idea plummeted and the measure was effectively shelved when the Senate voted for its defeat. **I**



# National, State Media Solicit Mackinac Center Solutions

"Restarting Michigan's Economy" was the subject of an April 8 **Wall Street Journal** Op-Ed by Senior Economist **DAVID LITTMANN** addressing the "decline and fall" of Michigan's economy and how right-to-work protection, lower taxes and fixing a broken legacy-cost system for public school employees would help the state recover. Littmann also was cited on Michigan's economic slump and possible solutions in the March 23 **Detroit News**, the March 31 **Washington Post**, the April 9 **Detroit Free Press**, the May 16 **Battle Creek Enquirer**, the June 5 "Paul W. Smith Show" on **Detroit's News/Talk 760 WJR** and the June 10 **Kalamazoo Gazette**.

Mackinac Center President **LAWRENCE W. REED** wrote a June 16 Op-Ed for the **Wall Street Journal**, detailing the need for right-to-work protections to improve Michigan's business climate. (For more details, see related story on Page 12.) In an April 26 **Detroit News** Op-Ed, Reed highlighted the increasing need and support for a right-to-work statute, which was also the focus of Reed's May 22 interview with **Frank Beckmann** on **WJR**.

**ANDREW J. COULSON**, Mackinac Center adjunct fellow and director of the Center for Educational Freedom at the Cato Institute, garnered several radio, television and newspaper mentions for his school district consolidation study — including a June 15 **Detroit News** editorial that called for greater parental choice in education. Coulson wrote about his findings in a **Detroit News** Op-Ed on May 30, discussed them on "The Paul W. Smith Show" on **WJR** on June 8 and received additional coverage in **The Kalamazoo Gazette**, June 10; **Gongwer News Service**, June 7; "The Greg Marshall Show" on **WMKT**, June 7; an Op-Ed in **The Detroit News**, May 30; the **Midland Daily News**, May 28; **MIRS Capitol Capsule**, May 22; and

**Lansing's WILX-TV**, June 7. (For more details, see related story on Page 1.) Morey Fiscal Policy Director **MICHAEL D. LAFaIVE** was quoted in a May 18 **USA Today** story on the economic outlook for Detroit. On March 9, **National Review** mentioned LaFaive's groundbreaking MEGA study. LaFaive was quoted on **National Public Radio** on March 20 regarding the Legislature's decision not to use public dollars to fund the Ann Arbor Film Festival. He addressed the same topic in the March issue of **Electric Current**, the March 20 **Detroit News**, the March 20 **MIRS Capitol Capsule**, the March 21 **Ann Arbor News**, the March 21 **Michigan Daily** and the April 18 **Metro Times**.

An April 29 editorial in the **Detroit News** said Gov. Jennifer Granholm should consider Legislative Analyst **JACK McHUGH's** list of how to cut \$1.9 billion from the state budget without increasing taxes. McHugh's plan was also mentioned in the March 5 issue of **MiBiz**. A piece by McHugh on Adam Smith's thoughts about taxes was published by the **White Lake Beacon** on April 15.

**RYAN S. OLSON**, director of education policy, was quoted in the April 9 **Detroit News** regarding school fiscal accountability and in the May 13 **Flint Journal** on competitive contracting for schools. "A Michigan School Money Primer," written by Olson and LaFaive, was covered on **WWJ 950 News Radio's** Web site on May 30 and cited in **MIRS and Gongwer News Service** on June 1 and 5, respectively. Olson was quoted in a school finance article in **Booth Newspapers** on May 29. The Center was mentioned in other education stories in the April 23 **Livingston Daily Press & Argus**, the March 8 **Grosse Pointe News**, the March 13 **Port Huron Times-Herald** and the May 22 **Detroit News**. A June 11 editorial in **The Detroit News** cited a Michigan Education Report story that detailed how insurance pools can help school districts save money on health insurance.

**DIANE S. KATZ**, director of science, environment and technology policy, discussed the benefits of a market-driven, technology-focused economy to the environment in the May 3 **Saginaw News**. Katz also was asked to comment on Internet Protocol television in the May 1 **Info Tech & Telecom News**. A MichiganScience interview by **BRUCE EDWARD WALKER**, science editor, with Michigan's official state climatologist was cited in the May 19 **Detroit News**.

The need for Michigan to switch to a part-time Legislature was the topic of an Op-Ed by **KENNETH M. BRAUN** in the June 20 **Gladwin County Record**. A Viewpoint by Braun prompted an invitation to be a guest on **WJR's "The Frank Beckmann Show"** on June 5 to discuss the state's "tax hike guide." Braun and McHugh authored an Op-Ed on the need for state spending cuts in the May 14 **Escanaba Daily Press**. Braun was featured prominently in a series of articles in **The Detroit News** on "Michigan's Education Time Bomb." (For more details, see related story on Page 7.)

**PAUL KERSEY**, senior labor analyst, wrote about proposed legislation that would harm employers in an Op-Ed in **The Grand Rapids Press** on June 18. Kersey outlined the problems employees would face if the federal Employee Free Choice Act became law in a March 1 **Detroit News** Op-Ed. Kersey pointed out that the legislation would deny a secret ballot to workers when voting on whether to organize for collective bargaining. A 2004 Mackinac Center poll that found that a large majority of union workers want to keep the right to a secret ballot was cited in the May 28 **Boston Globe** Op-Ed.

A commentary on property rights in China, written for the Center by **JUNNING LIU**, was reprinted in **Ann Arbor Business Review** on April 19. **I**



## Priming from Page One

ordered by policymakers, educators and reporters from Grand Rapids to Sandusky, from Houghton Lake to metropolitan Detroit.

It quickly became clear that the primer was a valuable resource. Holly Nelson, editor of the Oscoda Press, sent an e-mail to LaFaive that captured the sentiment of several journalists who said the book would help them cover school finance issues:

As a newspaper editor, I am thoroughly impressed by the Mackinac Center's 'A Michigan School Money Primer' by Ryan S. Olson and Michael D. LaFaive.

I have long believed the media generally does a disservice to its readers, listeners and viewers by failing to convey factual information about such subjects as Headlee rollbacks, bond millages, foundation grants and similar subjects. Due to the complexities of the subjects, many reporters are content to simply allow a school official to spout the company line. I can't count how many times I've heard or read (unchallenged) that a Headlee override is not really a tax increase. ...

It is difficult and time consuming to teach reporters how to deal with audits, budgets and millages. Thanks to the Primer, my job just got easier. It will be required reading for members of the editorial staff.

Another writer, Donna Gundle-Krieg, said the primer was a valuable resource when she was writing a series of education articles for The Oakland Press. "A Michigan School Money Primer" was very helpful to me while writing my newspaper stories regarding school financing," she wrote in an e-mail to Olson. "The Michigan public needs to know the eye-opening information that is in this book! It is a complete and understandable resource that is useful on many levels."

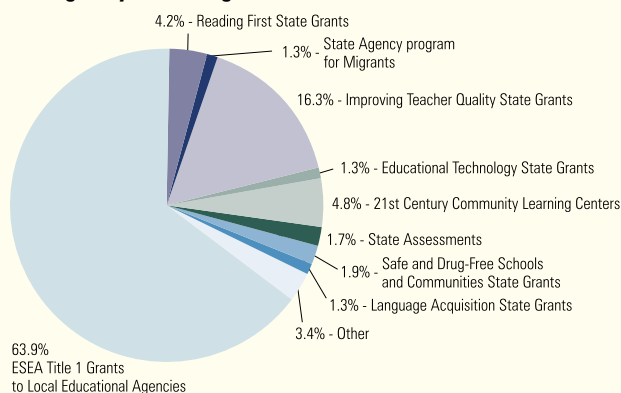
Education officials also had praise for the primer. Former deputy superintendent for the Michigan Department of Education Michael Williamson, Ed.D., said, "A Michigan School Money Primer" explains and simplifies what, to the outsider, can too often appear to be a complex and arcane school funding process. It will be an indispensable resource for anyone interested in understanding school funding policy and will likely contribute to important policy debates."

Olson, along with a Michigan State University economics professor, was invited to explain how Michigan primary and secondary schools are financed at a meeting of the North Oakland County Republican Club. At least two state legislators were in attendance.

"I was quite impressed with the extensive collection of information presented in the Mackinac Center's primers, both the school money primer and the bargaining primer," said Rochester Community

Schools Board of Education Trustee Mike Reno, who attended the event. "The need to provide objective, comprehensive and unbiased information to school boards is long overdue, and the Mackinac Center is filling that void. Both books should be required reading for every school board member in the state!"

### Federal No Child Left Behind Funding for Michigan by Percentage, Fiscal 2006



The Michigan School Money Primer contains detailed descriptions of how government finances primary and secondary education in Michigan.

The primer examines how revenues are raised by local, state and federal governments through more than 30 taxes and other income sources and explains how the monies are then appropriated.

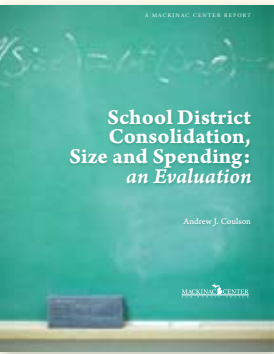
In addition to the discussions of revenues, appropriations and school budgeting, the primer includes an appendix that describes an electronic module that allows users to create customized financial reports for individual conventional public school districts, intermediate school districts, charter public schools and the state as a whole, using revenue and expenditure data since 2003. Reporters, elected officials, taxpayers and parents can find specific information about their school district using this module at [www.mackinac.org/michiganschoolmoney](http://www.mackinac.org/michiganschoolmoney).

The finance primer was also a popular item at an Issues & Ideas forum in Lansing on June 7. Although the forum topic was the Center's recent school district consolidation study (see related article on page 1), legislators, staff and education officials snapped up dozens of copies of the primer. When they were gone, attendees signed up for copies to be mailed to them.

The money primer is a companion publication to the "Collective Bargaining Primer" released earlier this year (see related story on page 3).

Olson is accepting invitations to speak to civic groups and other organizations about Michigan school finance and budgeting. If you are interested, contact Director of Communications Michael D. Jahr at 989-631-0900. **I**



**Consolidation** from Page One

up larger districts potentially could save about \$363 million, the study found. However, Coulson cautioned that realizing the full savings would be unlikely for both political and practical reasons. Full-scale consolidation, he pointed out, would require redrawing the boundaries for every district in the state, and population growth or mobility would make it difficult to maintain optimal size over time.

“The relationship between district size and spending is weaker and more complicated than many people imagine,” Coulson wrote in a May 30 *Detroit News* Op-Ed. “District size explains only about 2 percent of the difference in per-pupil spending, and bigger is not always better.”

Coulson shared his findings with an audience of more than 80 at an Issues & Ideas forum in Lansing on June 7. Among those in attendance were state senators, state representatives, legislative staffers, Michigan Association of School Boards officials, representatives from the State

Board of Education, superintendents, individual school board members and reporters. Coulson told the audience that the results of his analysis suggested that the economic theory known as “public choice,” which predicts that public officials will spend as much public revenue as is available, is central to understanding school district expenditures.

“There just isn’t that much money to be saved by consolidating small school districts,” Coulson said during a 40-minute interview on WMKT’s “Greg Marshall Show,” which reaches a large part of northern Michigan including Traverse City, Charlevoix and Petoskey. “Three quarters of kids in the state are already enrolled in districts that are too big, not too small. So legislators and the governor have to get serious and look at real reforms and have to look at real reforms that have a chance at not just saving money, but offering parents more choices and better choices.”

Coulson discussed school district consolidation and how more significant savings can be achieved through educational choice with media throughout the state. His message was delivered

throughout southern and central Michigan on WJR’s “Paul W. Smith Show.” He sat down with the editorial board of *The Detroit News* and had a lengthy discussion with the acting editorial page editor of *The Grand Rapids Press*.

At the Lansing forum, Coulson was interviewed by Lansing’s WILX-TV. On the following day, the WILX Web page conducted an online reader poll that asked the following question: “Do You Think The State Should Consolidate School Districts Even If The Savings Are Relatively Small?” Late in the day readers had responded “no” by a 2 to 1 margin. Coulson’s message had clearly gotten through.

On June 15, a *Detroit News* editorial cited Coulson and noted that the study “concludes that bigger savings could come from more vigorous competition among schools.” Stating that “Michigan parents should be given more choices for their school dollars, and the education system should be subject to more competition,” the editorial endorsed the Center’s longstanding policy recommendation that the state adopt tuition tax credits to improve education while saving millions of dollars. **I**

## Defusing a Financial Time Bomb

When *The Detroit News* was seeking informed commentary for a series of articles on Michigan’s education retirement crisis, they found their source in Kenneth M. Braun, the Center’s policy analyst specializing in fiscal and budgetary issues. Braun established his expertise on the woefully underfunded Michigan Public School Employee Retirement System last fall when he authored a comprehensive policy brief titled “An Analysis of Proposal 5:

The ‘K-16’ Michigan Ballot Measure.”

Among other things, the brief showed that MPSERS is an overly generous and financially unsustainable pension system and that Prop 5 was an attempt by the Michigan Education Association to hang the cost on taxpayers without addressing systemic problems. Braun highlighted the underlying reasons why MPSERS is



Kenneth M. Braun

unsustainable, such as a costly retirement health care benefit that is unavailable to the majority of private sector employees. Braun also pointed out in his brief that MPSERS boasts to members that it is “one of the best public pensions around,” a delightful fact unless you happen to be a taxpayer.

So it was no surprise when *The Detroit News*’ May 10-12 front-page investigative series titled “Michigan’s Education Time Bomb” quoted Braun in four separate articles. The exposé reported on MPSERS’ staggering \$25 billion unfunded liability — which Braun described as the “savings and loan scandal” of the next decade — and the threat it poses to Michigan taxpayers, present and future.

The newspaper’s Web page included four audio clips of the reporter’s interviews with Braun. One of the more outrageous revelations uncovered by the *News* is the existence of “loopholes” in the system — termed “financial malpractice” by Braun — where former school employees can work 102 hours in the public education system and qualify for a lifetime of deeply discounted, taxpayer-funded health care coverage.

Braun’s research and the resulting media coverage contributed to Michigan taxpayers’ decision to reject Prop 5 and left the door open for real MPSERS reform. He and other Mackinac Center scholars will continue to shine a light on irresponsible financial practices in government until the political establishment finds it untenable to keep stealing from our future. **I**

## A Long March to Freedom

Modern China has been a source of great puzzlement and debate. The Communist Party of China is the largest political party in the world and shows no sign of relinquishing its monopoly on political power. But China is also the birthplace of Lao-tzu, the ancient philosopher who said, "Govern a great nation as you would cook a small fish. Do not overdo it." Lao-tzu would probably be pleased that a regime that once embraced the iron fist of socialism is now embracing some of the core principles of a market economy.

Courageous Chinese reformers are leading the way. Mr. Junning Liu, founder of the Cathay Institute for Public Affairs in Beijing, is an outspoken advocate of liberty. When the Chinese legislature voted to protect private property rights last March, Junning was one of many scholars to praise the action. Writing for the Mackinac Center's Web site (see [www.mackinac.org/8372](http://www.mackinac.org/8372)), Junning declared that "Private property is the foundation of civilization, the central institution of a free society and it has contributed more to the

growth of civilization than any other institution established by the human race."

Junning and his institute know the power of ideas and the value of investing in them. Market-friendly reforms in Communist China are a tribute in great measure to the perseverance of scholars and writers like him. His passion and optimism for the cause of freedom is unwavering and inspiring. If private property can soar in the esteem of both Chinese citizens and their government, surely we can instill a renewed understanding and appreciation of it as well!

We're proud that our work in Michigan has generated attention and respect from like-minded leaders in faraway places. Junning has written for our Web site, arranged for our Center's president to lecture at People's University in Beijing and has even distributed a Chinese translation of a Mackinac Center monograph, "Seven Principles of Sound Public Policy." Good ideas, wherever they take root and rise, are the prescription the doctor ordered for making the world a better place for us all. **I**



Junning Liu

## New Initiative for Protecting Property Rights

With each issue of Impact, I have the privilege of choosing which individual will be featured in the Advancement Profile. This time I chose Mr. Junning Liu, but not for any monetary contribution to the Mackinac Center — to be honest, we have never received one from him. His contribution comes in a different form. Junning is in the spotlight because he understands the importance of property rights and the role they will play in a freer China.

Although we enjoy greater freedoms than Junning and his countrymen, well-defined property rights are just as important for Michigan's residents and are essential to the growth of our state's economy. That's why we pursue this issue so doggedly.

Last year, Senior Legal Analyst Patrick J. Wright and Senior Environmental Policy Analyst Russ Harding were able to educate legislators who drafted the ballot measure that now helps reduce property takings in Michigan. Their analysis of the plan also focused on educating the public on the need for such property rights protections. As a result, voters in November overwhelmingly approved the

measure with nearly 80 percent of the vote, protecting themselves from eminent domain abuse and regulatory takings.

That property rights victory and other successes prompted a Michigan foundation to offer a matching grant of \$750,000 over three years for our new statewide property rights initiative (look for more details in the Fall issue). When we raise that much from other sources, the Center will have the means to become an even stronger voice and a more effective proponent of the rights of property owners.

By contributing today, you can leverage your gift and take part in this unique matching opportunity. Simply make a notation on the enclosed business reply envelope that you would like to contribute to our property rights program, and I will do the rest to make sure your gift is properly matched.

If you have any questions I would be happy to make myself available. You can call me at 989-631-0900 or e-mail me at [marshall@mackinac.org](mailto:marshall@mackinac.org). **I**



Justin W. Marshall,  
Director of  
Advancement



**Your estate plans reflect the values you hold dear and hope to perpetuate.**

Join the Mackinac Center's Legacy Society by calling Justin W. Marshall at 989-631-0900 and including the Center in your bequest today.



# Cable News, Scientific Gains, the Difference One Can Make

Advances in technology now make it possible for both cable and telecommunications firms to provide voice, data and video services. But much of the franchise regulation that has long controlled these services was fashioned in the 1960s and 1970s — the cyberspace equivalent of the Stone Age. Fortunately, a number of states, Michigan included, have enacted reforms that eliminate legacy barriers to market entry and thus promote competition. The work of Diane S. Katz has been instrumental to this reform effort in Michigan and several other states. She adapted her 2006 policy paper, “Assessing the Case for Cable Franchise Reform,” for use in Ohio, Tennessee and Florida, where it has been distributed to hundreds of lawmakers, the media and a variety of trade and civic groups. Katz also testified about franchise reform in the Michigan Legislature as well as in the Ohio and Wisconsin legislatures. She authored an article on franchise reform for *The Journal of the James Madison Institute*, and has fielded reporters’ calls on the reform issue from across the nation. Katz has also been appointed as a voting member to the American Legislative Exchange Council’s Task Force on Telecommunications & Information Technology.

The Mackinac Center’s MichiganScience magazine continues to gain in popularity — and size. Launched in November 2006, the magazine’s inaugural issue was 16 pages; the 20-page winter issue was mailed in February 2007; and the 24-page spring issue was mailed in April. Nearly 15,000 people receive the print version of the magazine, including members of the Michigan Science Teachers Association. The Web site, [www.michiganscienceonline.org](http://www.michiganscienceonline.org), has received nearly 21,000 hits since it was launched in November 2006. The spring issue included a revealing interview with State Climatologist Jeffrey Andresen. In March, MichiganScience introduced a writing contest for students in grades 6 through 12, which attracted more than

40 entries. The scholarship-winning essay will appear in the summer issue of MichiganScience.

At the end of last year, the Mackinac Center published a monograph by President Lawrence W. Reed titled “The Difference One Can Make.” The piece tells the remarkable story of Sir Nicholas Winton, a London stockbroker who saved 669 Jewish children from Nazi concentration camps. It also includes a speech on character that Reed has delivered at three commencement exercises in Joplin, Mo., Colorado Springs, Colo., and Brookfield, Wis. Thousands of copies of the monograph have been ordered and one organization, the Gelman Educational Foundation, has distributed it widely. Following are excerpts from an e-mail sent by Tammee Fensch, the foundation’s office manager:

We at the Gelman Educational Foundation have found the monograph of Sir Nicholas Winton to be a blessing — we’ve distributed it widely and used it as an introduction to the DVD entitled “Nicholas Winton – The Power of Good.” We have sent the monograph to educators and to educators teaching educators. Five hundred monographs will be distributed to each participant at the upcoming “18th Annual Week of Holocaust Remembrance” at the College of Saint Elizabeth Holocaust Education Resource Center. This event will highlight “Lessons from the Holocaust.” At Case Western Reserve University recently, more than 150 teachers, university professors and scholars from around the world attended the “Annual Scholars’ Conference” and received the monograph.

The largest quantity of monographs provided to an organization was 1,200 given to the Michigan Council of Social Studies educators along with the six-minute DVD preview of “The Power of Good.” All of

these organizations, among others as well, were enlightened by the powerful message told about the inspirational Nicky Winton!

For more information about Winton and “The Power of Good,” visit the Gelman Educational Foundation’s Web site at [www.powerofgood.net](http://www.powerofgood.net).

Apparently you can beat city hall. Or the county board, in this case. According to a May 2 *Midland Daily News* article, real estate investor Tom McCann won his battle against a county ordinance that would have prevented him from smoking cigars in his home office. McCann, who was featured in the Winter 2007 IMPACT, refused to comply with this mandate and said he would challenge it in court. Instead of waging a potentially pricey legal battle, the Midland County Board of Commissioners decided instead to modify its Clean Indoor Air Regulation to exempt home businesses, the *Daily News* reported. McCann took a principled stand and the politicians backed down. Although McCann had quit smoking, according to the *Daily News*, he was willing to persevere. “It’s about our constitutional rights,” he told the *Daily News*. “That’s important. I’m not fighting for me, I’m fighting for my kids, my neighbors and for the rights of our citizens.” **I**

## Center Snapshot



Adding to an already weighty scholarly resumé, Director of Education Policy Ryan S. Olson in May received a doctorate in Classical Languages and Literature from Oxford University’s Trinity College. Olson attended the ceremony, which was conducted entirely in Latin, with his wife, Kelly, and daughter, Nina.

# Give us your feedback on Impact!

The following questions concern the Mackinac Center's newsletter, Impact. Please take a moment to fill out this survey and mail it using the postage-paid, pre-addressed envelope inserted in this issue of Impact. All participants will be entered in a drawing to win the signed original of the Henry Payne cartoon on Page 4!

*No contribution is required, and enclosing a contribution will not affect your chances of winning.*

In each of the questions below, *check the answer* that best expresses your opinion.

1. In general, how useful is Impact to you in evaluating the Mackinac Center's effectiveness?

Not at all useful    Not very useful    Somewhat useful    Very useful    Extremely useful  
☐    ☐    ☐    ☐    ☐

2. In general, how much of each issue of Impact do you read?

Very little or none of it    Just some of it    About half of it    Most of it    All of it  
☐    ☐    ☐    ☐    ☐

3. In general, do you find an issue of Impact to be too long, too short or about the right length?

Too short    About the right length    Too long  
☐    ☐    ☐

4. How often would you say you receive Impact each year?

Less than once    One to two times    Three to four times    Five to six times    Seven to eight times  
☐    ☐    ☐    ☐    ☐

5. In general, what do you think of how often you receive Impact — do you receive it too often, about the right number of times or not often enough?

Not often enough    About the right number of times    Too often  
☐    ☐    ☐

6. In general, how does Impact make you feel about contributing to the Mackinac Center?

Less inclined to contribute    No different    More inclined to contribute  
☐    ☐    ☐

7. For the following topics, please tell us if you think Impact publishes too much, too little or the right amount about each.

7a. Mackinac Center Policy Studies

Too little    The right amount    Too much    Not sure  
☐    ☐    ☐    ☐

7b. Activities of individual Center scholars

Too little    The right amount    Too much    Not sure  
☐    ☐    ☐    ☐

7c. Features about nonscholars associated with the Center

Too little    The right amount    Too much    Not sure  
☐    ☐    ☐    ☐

7d. The Center's media appearances

Too little    The right amount    Too much    Not sure  
☐    ☐    ☐    ☐

7e. A list of the Center's recent publications

Too little    The right amount    Too much    Not sure  
☐    ☐    ☐    ☐

7f. Fundraising successes

Too little    The right amount    Too much    Not sure  
☐    ☐    ☐    ☐

7g. Free-market theory

Too little    The right amount    Too much    Not sure  
☐    ☐    ☐    ☐

7h. Messages to our readers (president's, vice-president's or advancement director's letters)

Too little    The right amount    Too much    Not sure  
☐    ☐    ☐    ☐

7i. Examples of positive changes in the law

Too little    The right amount    Too much    Not sure  
☐    ☐    ☐    ☐

8. Of the list of topics in Question 7, in which *three* are you most frequently interested? Circle the three letters ("a"-"i") corresponding to your answers.

a    b    c    d    e    f    g    h    i

9. Of the list of topics in Question 7, which, if any, would you not miss if they were omitted from Impact? Circle the letters ("a"-"i") corresponding to your answer(s).

a    b    c    d    e    f    g    h    i

Please feel free to add any additional comments!

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Enter me in the drawing for a signed original of this issue's Henry Payne cartoon!

Name

Address

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Phone

Email

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Send in a completed survey for a chance to win the signed original of this Henry Payne cartoon!



Mackinac Center staff members and their families are not eligible to enter the contest. No contribution is necessary to win the cartoon or to have your survey included in our count. We want to hear from you!

## VIEWPOINTS

### Paying More to Protect the Privileged

May 2007 V2007-13

Michigan's budget crisis is not the result of previous tax relief but of a political unwillingness to require state agencies and employees to make sacrifices similar to those made by residents and businesses in the state.

### Court Ignored Sound Science in Carbon Dioxide Ruling

May 2007 V2007-14

The Supreme Court relied on politics, not science, when it effectively ordered the federal government to regulate carbon dioxide produced by tailpipe emissions.

### Say YES! To Right to Work

May 2007 V2007-15

Right-to-work protections for Michigan workers could help revive the state's economy.

### The Tax Hiker's Shopping Guide

June 2007 V2007-16

An appendix to the state budget on tax exemptions is like a shopping list for officials who want to raise taxes.

### What Really Determines School District Spending?

June 2007 V2007-17

Savings from school district consolidation would be limited and hard to capture.

### Money Well Spent?

June 2007 V2007-18

Taxpayers foot the bill when government agencies in Michigan impose "agency fees" on workers.

## SPECIAL ITEMS



### The Difference One Can Make

SP2006-12

This monograph details the story of Sir Nicholas Winton, an English stockbroker who helped hundreds of Jewish children escape Nazi-occupied Czechoslovakia before World War II.

## JOURNALS



### MichiganScience

MS2007-02 \$3

Key stories: Why numbers and facts are more important than propaganda and rhetoric when it comes to science news, why science shouldn't rely on "consensus," an interview with Michigan's official climatologist, how water quality monitoring is done, a look at summer science camps for students.

### Michigan Education Report

MER2007-02 \$3

Key stories: Detroit Mayor Kwame Kilpatrick calls for more charter public schools, MESSA reports revenue gain, school district consolidation doesn't save money, success with teacher merit pay, school advertising, Indian school votes out MEA.

## STUDIES & REPORTS



### Mackinac Center Amicus Curiae Brief in Heaphy v. Department of Environmental Quality

S2007-02 \$10

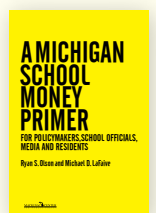
This study details the "friend of the court" brief filed in October 2006 with the Michigan Supreme Court in a west Michigan regulatory takings case.



### Mackinac Center Amicus Curiae Brief in Davenport v. Washington and Washington v. Washington Education Association

S2007-03 \$10

This study outlines a "friend of the court" brief filed with the United States Supreme Court in two combined cases regarding the First Amendment rights of employees who do not belong to a union but must pay union dues and what control they have over how that money is spent.



### A Michigan School Money Primer

S2007-04 \$10

Unprecedented in its scope, this 180-page informational book details how revenues are raised, distributed and budgeted for Michigan's public school system.



### Road Funding: Time for a Change

S2007-05 \$10

A comprehensive look at the condition of Michigan's roads, how they can be upgraded and what spending can be cut to make room for additional revenues needed to pay for infrastructure improvements.



### School District Consolidation, Size and Spending: an Evaluation

S2007-06 \$10

School district consolidation would not be a substantial source of savings for Michigan taxpayers according to this study, which finds that, other things being equal, districts of roughly 2,900 students tend to spend the least money per pupil, and that both smaller and larger districts tend to spend more.



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# Right-to-Work Idea Gains Momentum in Michigan

Given the labor movement's deep and historic roots here, one might expect Michigan to become a right-to-work state around the time that North Dakota begins exporting coconuts. But recent developments indicate that this market-based, freedom-enhancing policy — long advocated by the Mackinac Center — is gaining ground.

Building on years of in-depth Center research and analysis, President Lawrence W. Reed authored an Op-Ed in the April 26 *Detroit News* explaining that ending forced unionism would create greater prosperity for Michigan. A right-to-work law, Reed explained, "simply means that no worker can be compelled to join or pay dues to a labor organization as a condition of employment."

Arguing that "perhaps no single action would do more to resuscitate jobs and income" in Michigan, Reed pointed out that compulsory unionism has been "the elephant in the room that few leaders — business or political — mustered the courage to acknowledge." He lauded Compuware Corp. Chief Executive Peter Karmanos for publicly stating that Michigan needs to become a right-to-work state.

In a May 20 column, *Detroit News* editorial writer Manny Lopez cited Reed's suggestion that any budget resolution passed by the Legislature should be coupled with right-to-work legislation (and significant tax cuts). To make the package more palat-

able to right-to-work opponents, Reed suggested a five-year trial period.

That column prompted talk-show host Frank Beckmann to invite Reed to be a guest on his popular WJR 760 AM radio show. "We have to understand that Michigan's labor climate right now, and the way it's perceived, constitutes a huge tax on business enterprise in Michigan," Reed said. "Right-to-work would be, in effect, a big tax cut."

The nation's second-largest circulation newspaper, the *Wall Street Journal*, took note of the attention the right-to-work issue was receiving in Michigan — and the Mackinac Center's role in it. Under the headline "It Takes a Recession," the *Journal* ran an Op-Ed by Reed on June 16. In it, Reed laid out the stark economic realities facing Michigan: The loss of a quarter million jobs since the start of this decade; the highest unemployment level of any state in the country; falling inflation-adjusted per capita personal incomes; a decline in real per capita GDP (Michigan is alone in this category); the struggles of high-profile companies in the state; and a state budget that is hemorrhaging red ink.

"Making Michigan a right-to-work state would quash with one powerful blow the nagging perception that our labor climate is too hostile and costly for business," Reed's *Journal* commentary read. "It would provide freedom of choice in labor representation for workers and a

temporizing influence on union leadership."

The Mackinac Center has tirelessly championed this ideal for years. A 2002 Mackinac Center study by Dr. William T. Wilson found that Gross State Product and employment grew faster in right-to-work states. The study also found that, in the decades from 1970 to 2000, right-to-work states created 1.43 million manufacturing jobs while non-right-to-work states lost 2.18 million.

Titled "The Effect of Right-to-Work Laws on Economic Development," the study is among hundreds of commentaries, interviews, speeches and articles written and delivered by Mackinac Center scholars over the past two decades. Anyone wanting to research "right-to-work" and "Michigan" through the Google search engine would find Mackinac Center articles as the No. 1 and No. 2 top ranked items.

As a resource for reporters, policymakers and residents, a feature was added to the Center's home page that gathered key Center writings on the right-to-work issue in one place.

There are encouraging signs that the message is getting out, even in the state of Walter Reuther, Jimmy Hoffa and the Flint Sit-Down Strikes. When the *Detroit Free Press* and WDIV-TV sponsored a statewide poll on this issue last year, 56 percent of residents said Michigan should become a right-to-work state.

"Whether it's the Legislature taking it up or an initiative, people are certainly discussing it," said Mackinac Center Fiscal Policy Director Michael D. LaFaive in a June 3 *Free Press* article titled, "Leaders wonder if state ready to rethink unions." LaFaive added, "It's the smartest choice to ignite economic growth." **I**

## Center Snapshot



Five years ago, the Mackinac Center and the Institute for Justice held a press conference where they accurately predicted that a Michigan Education Association lawsuit against the Center would fail. The MEA sued to prevent the Center from accurately quoting the union's president saying he admired what the Mackinac Center had done.

