



SHINING A SPOTLIGHT

Center Exposes Lansing's Business-as-Usual

As the budget debacle unfolded, voters, reporters and government workers turned to the Center's MichiganVotes.org Web site to follow key budget and tax votes. User sessions on the site doubled to 778,000 page views for the month of October.

Throughout the tax and budget debate of the past year, members of Michigan's political establishment claimed that state government had been "cut to the bone" and needed more taxpayer dollars to preserve "vital services." Mackinac Center policy experts consistently provided a rare counterbalance to this mantra, explaining in hundreds of radio interviews, news reports and published columns that the push for tax hikes was really about avoiding reform and protecting government "business as usual."

The intensity of the Center's education efforts was in full swing as the end of the fiscal year drew near, typified by a Sept. 27 Op-Ed by Mackinac Center Senior Economist David L. Littman

published in the Detroit News. Littmann stated that Michigan's travails would only be deepened by tax increases, the demand for which stemmed from excessive public employee compensation and too-large, too-expensive government establishments.

Fiscal Policy Director Michael D. LaFaive made the same point in an interview on WDET Detroit Public Radio the next morning. A poll commissioned by the Mackinac Center and released that same day showed that Michiganians agreed. More than 70 percent of likely voters said they wanted more spending reductions than tax hikes as part of any budget solution — 65 percent said they wanted cuts only, with *no* tax increases.

Nevertheless, in the early morning hours

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FACING THE GIANTS

Reform Comes to MESSA and the MEA

When the Mackinac Center in 1993 released a study on the Michigan Education Special Services Association, the health insurance administrator of the Michigan Education Association school employees union, it must have struck some as a David-and-Goliath moment. What impact could a report produced by a small think tank have on a multimillion-dollar monolith equipped with compulsory dues and unrivaled political clout?

A significant impact, it turned out. Over the next 14 years, the Center would continue to use empirical data and timeless economic principles to keep the public discussion of MESSA alive. With deep pockets and political tactics, the MEA and its affiliate fought every effort to bring about reform.

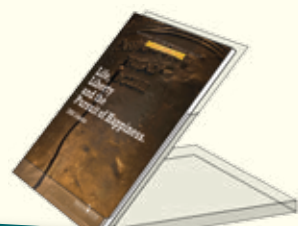
In October 2007, taxpayers, school districts and the case for competition won an important victory: the state budget deal included a reform that could end MESSA's stranglehold over health insurance benefits in school districts and begin to reduce costs through competition.

With the signing of Senate Bills 418 through 421, two critical reforms were achieved:

- School districts will be required to solicit competing bids before awarding a health insurance provider with a contract; and
- Third-party administrators — such as MESSA — must furnish a district with the district's own aggregate health claims history.

The MEA and MESSA oppose release of the

see "MESSA Reform," Page 10



Life, Liberty and the Pursuit of Happiness
Check your mail for a special offer in the Center's year-end appeal!

Never Give Up

"These are the times that try men's souls. The summer soldier and the sunshine patriot will, in this crisis, shrink from the service of their country; but he that stands by it now, deserves the love and thanks of man and woman. Tyranny, like hell, is not easily conquered; yet we have this consolation with us, that the harder the conflict, the more glorious the triumph. What we obtain too cheap, we esteem too lightly: it is dearness only that gives every thing its value." – Thomas Paine, "The Crisis," Dec. 23, 1776



Lawrence W. Reed
President

Dark days for liberty. We've known them many times before. At the moment Paine wrote, any betting man would have put his money on Great Britain. Every conflict since Valley Forge has been marked by more dark days than one can count. On a smaller scale, elections and legislative battles frequently produce undesirable, discouraging outcomes too. But if victory is ultimately to be achieved, it surely belongs to those who stick to their principles, maintain a contagious optimism, never give in and turn crisis into opportunity.

When Michigan's governor and Legislature dumped a huge and ill-considered tax increase on the state on Oct. 1, Paine's words came to mind. I could sense from the many calls and e-mails we received that people were angry and discouraged. Some were incorrigibly pessimistic. Most, I'm happy to report, also said something like, "The Mackinac Center is needed now more than ever. I'm raising my contribution!" These good folks were not about to join the ranks of the summer soldiers and the sunshine patriots.

By embracing tax hikes instead of needed spending reductions, Lansing opted for the permanent bureaucracy over the people and businesses who work to pay its bills. The news wasn't all bad, however: Included in the budget package were reforms to teacher health insurance that the Mackinac Center first put on the table for policy debate in 1993. We hammered those ideas home relentlessly in the years that followed. Their original architect was the prime author of our 1993 study — our late senior vice president, Joe Overton. Were he alive today, he would be very proud of this achievement and not surprised that it required many years of hard work, perseverance and dark days along the way.

Who will point out the folly of taxing our way to recovery? It won't be the politicians or the mainstream news media. Who will press for the transformational changes Michigan needs? It won't be the unions, the universities or those who sat on their hands when bad policies were passed. Who will put forth real solutions to intractable problems? It won't be the "gabflies" who raise a wet finger in the air and stage "conversations" around the state.

Who will do these things? I can assure you that the Mackinac Center for Public Policy will, with your support. We don't give up. "Winners never quit," my father used to say, "and quitters never win." **I**

Lawrence W. Reed

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Mackinac Center IMPACT is a quarterly publication of the Mackinac Center for Public Policy, a nonprofit, nonpartisan, tax-exempt research and educational organization classified under section 501(c)(3) of the IRS code.

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Capitol Confidential Debuts to Rave Reviews

Following the inaugural release of the Mackinac Center's newest publication, Michigan Capitol Confidential, it quickly became clear that the newspaper tapped a powerful wellspring of interest in the policy debates in Lansing. Nearly 600 Michigan readers asked to be on the mailing list. Many also included the names of friends and family members they thought would be interested in receiving the publication. E-mails from hundreds of recipients described Capitol Confidential as "informative," "desperately needed,"

"insightful," "excellent" and "helpful."

"What a surprise to find this newsletter in my mailbox when I got home from work yesterday. I love it! ... Finally, a way to get the real story on what is happening in Michigan," wrote a Dearborn Heights subscriber. Matthew Friar, a Grand Rapids reader, wrote, "I found it very insightful, informative and a needed tool." A reader in Rochester Hills enthused, "Excellent Paper! I first read 'Spending Restraint Loses in Legislature' and read it to a friend out loud. ... This is a



paper we all need to read!"

Launched in September, the bimonthly newspaper aims to be the definitive source of information for readers interested in the free-market implications of state policy. It also includes vote tallies to let readers know if their elected representatives in Lansing are adhering to such principles. Using research from Mackinac Center

scholars and information from MichiganVotes.org, Capitol Confidential covers issues that normally do not make it into mainstream media reports.

The inaugural issue was sent to a list of households that had been identified as likely to be interested in its contents. Copies were also delivered to legislative offices throughout Lansing. In addition to the more than 580 new contacts, the publication also produced 39 first-time Mackinac Center donors.

If you or someone you know would like to receive Michigan Capitol Confidential, write to micapcon@mackinac.org or call 989-631-0900. **I**



Spreading the Free-Market Message to Michigan's Campuses

State colleges and universities have long been hotbeds of radical thought. Recognizing this, a young subversive named Isaac Morehouse has been traveling to Michigan campuses to propagate the revolutionary message that free markets and individual liberty are essential to a free and prosperous society.

As director of campus leadership for Students for a Free Economy, Morehouse found that his first full semester of outreach exceeded his own high expectations. SFE hosted or co-hosted 25 events on seven different campuses working with 12 different student groups. More than 1,600 students signed up for SFE's e-mail list. Mackinac Center scholars talked to student groups about policy issues, economic development, Adam Smith and more.

In October, when the Mackinac Center hosted syndicated columnist Deroy Murdock at an Issues & Ideas forum in Lansing, Morehouse seized the opportunity and arranged for Murdock



Nationally syndicated columnist Deroy Murdock spoke at a Mackinac Center Issues & Ideas forum in Lansing and a Students for a Free Economy event at CMU in October.

to speak at Central Michigan University. Dozens of students attended the talk, titled "Capitalism Isn't a Dirty Word," and several signed up for SFE.

In November, SFE hosted events with Kenyan journalist June Arunga. In a talk titled "Trade, Not Aid," Arunga shared her experiences and insights with

students and faculty at Michigan State University's African Studies Department (the largest such department in the nation) and a crowd of more than 100 at Central Michigan University.

One factor in SFE's success has been the visual appeal of promotional

see "SFE," Page 9

DEBATE WORKSHOPS



Shaping Future Leaders

The critical thinking and rhetorical skills of hundreds of Michigan high school debaters are better honed as a result of their participation in the 20th annual Mackinac Center for Public Policy's High School Debate Workshop.

Workshops were held on four dates in late September, serving more than 450 students and teachers from nearly 30 schools. Conducted in Livonia, Adrian, Grand Rapids and Traverse City, the workshops drew a mix of conventional public, charter public, parochial and independent schools.

As in previous years, highly regarded communications and debate experts shared their insights with the students. Speakers included Greg Rehmke, director of educational programs for Economic Thinking/E Pluribus Unum Films; Mike Winther, coach of the Modesto Debate Club; and Dr. Rich Edwards, professor of communication studies and debate coach at Baylor University in Texas.

Students heard about this year's national debate topic — chosen by the National Forensic Association — "Resolved: The United States federal government should substantially increase its public health assistance to sub-Saharan Africa." The workshops included detailed resources designed to help students argue both for and against the topic in debate competitions throughout the country.

The speakers addressed debate methodology and tactics, and discussed the economic impact of foreign aid, including alternative looks at private charities, support for free trade and the benefits

of renewing the use of DDT in Africa to combat malaria.

High schools that participated in the workshops were: Conner Creek Academy, Saginaw Heritage, Livonia Stevenson, Heart Academy, Brother Rice, Henry Ford, Northville, Hudson, Lenawee Christian, Adrian, Blissfield, South Christian, Holt, Grand Rapids City, Zion Christian, Grand Rapids Catholic Central, Northview, North Hills Classical Academy, Forrest Hills, Unity Christian, Frankfort, Bellaire, Traverse City Central, Traverse City West, Petoskey, Gaylord and East Jordan.

The Center asks each participant to fill out evaluation forms in order to improve the workshops from one year to the next. One first-time participant wrote that she learned so much from the experience that, "I feel like I am confident enough to go to the state finals."

JoAnne Peterson, debate coach from Grand Rapids City High School, said although the workshop will help her team in the upcoming season, "The impact on the future and investment in our young people is the most powerful gift of all."

Since 1987, nearly 9,000 Michigan students have participated in the Debate Workshops. For the third consecutive year, workshop participants have an opportunity win a \$1,000 college scholarship if they participate in an essay contest sponsored by the Center. Winners will be announced in the spring of 2008. **I**

FORENSIC FEEDBACK

Students from across the state took the time to let us know that they found the Debate Workshops informative and rewarding.

"Thank you so much for making it possible for me to attend today's workshop. It was very informative and will definitely help me debate well this season."

“”

"I feel like I am confident enough to go to the state finals."

“”

"After today I have much better ideas and understanding on what I will bring up in my case."

“”

"The information and materials I obtained at this conference will help my students better understand these issues and our world. You have made a difference and I thank you for that."

Center Scholars Pervade State Budget Coverage

Throughout the lengthy state budget negotiations and the aftermath of the final agreement, the media looked to the Mackinac Center for analysis and alternative options.

National Review Online cited the Center's suggestions for ways to cut Michigan's budget on Sept. 17. **DAVID LITTMANN**, senior economist, wrote about the overspending crisis in a Sept. 27 **Detroit News** Op-Ed, while on Oct. 2 **MICHAEL D. LAFAYE**, fiscal policy director, talked and wrote about the problem on **WJR 760AM's "Frank Beckmann Show"** and in that day's **Detroit News**.

LaFaive analyzed Michigan's budget battle for a national audience in **The New York Sun** on Oct. 4. In an Oct. 15 **Grand Rapids Press** Op-Ed, Communications Director **MICHAEL D. JAHR** explained why tax hikes were the worst course of action for the state. **JACK MCHUGH**, senior policy analyst, was quoted in the Oct. 8 **Gongwer News Service** and the Oct. 16 **Oakland Press**. McHugh's report on 55 immediate cuts the Legislature could make to replace a nearly \$1.4 billion tax hike drew mention in the Oct. 24 **MIRS Capitol Capsule** and **Gongwer's Michigan Report**, as well as the Nov. 1 **Detroit Free Press**. McHugh discussed his 55 recommendations on the Oct. 19 **"Frank Beckmann Show"** and took questions from callers. On Nov. 1, McHugh discussed the state budget on the **"Lucy Ann Lance Show"** on **WAAM 1600** in Ann Arbor and on Nov. 8 outlined the budget shortcomings in a **Detroit News** Op-Ed.

On Oct. 14, **The Oakland Press** invited readers to "vote" on 15 specific

cost-saving reforms recommended by McHugh. On Oct. 28, the editors dedicated three-fourths of a page to the "phenomenal" response they received from readers, most of whom overwhelmingly supported the Center's recommendations.

An editorial in the Oct. 8 **Petoskey News Review** cited the Center's list of spending reductions, while the Oct. 5 **Flint Legal News** highlighted a survey commissioned by the Center that showed 71 percent of voters preferred spending reductions over tax hikes to balance Michigan's budget.

A letter to the editor by Legislative Analyst **KENNETH M. BRAUN** on the tax hike's impact on families ran in the Nov. 7 **Detroit News**. Braun's analysis of Gov. Jennifer Granholm's proposed budget savings within the Department of Corrections appeared in the Sept. 13 **Cadillac News**, Oct. 21 **Detroit Free Press** and Oct. 23 **Detroit News**. Braun also wrote about legislation that would require riders of public transportation to pay a higher share of their costs in the Oct. 8 **Escanaba Daily Press**.

On Nov. 21, **The Detroit News** ran an Op-Ed by health care adviser **FRANK WEBSTER** on the need for school boards to take advantage of a recent school employee health insurance reform that the Mackinac Center had long advocated.

union's attempts to lower its own health insurance costs in the Sept. 19 **Detroit News**. He discussed social promotion on the Oct. 6 **"Mitch Albom Show"** on **WJR 760AM**. An Oct. 3 **Livingston Daily Press & Argus** story cited LaFaive on contracting for school administrators.

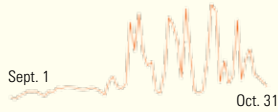
The Center continued to lead the state in discussing money-saving labor reform. On Nov. 30, President **LAWRENCE W. REED** touted the merits of voluntary unionism in a **Detroit Free Press** Op-Ed. The Forum section of the Oct. 17 **Oakland Press** ran three articles by **PAUL KERSEY**, director of labor policy, and **PATRICK J. WRIGHT**, senior legal adviser, discussing the benefits of adopting right-to-work laws and eliminating the prevailing wage law. The Center also was cited on labor issues in the Sept. 13 **Gongwer Michigan Report**, Sept. 13 **Adrian Daily Telegram**, Sept. 24, Oct. 22 and Nov. 5 in the **Lansing State Journal** and Sept. 24 in the **Detroit Free Press**. Detroit's **Metro Times**, in its Oct. 10 edition, made reference to Kersey's analysis that found the gross state product in right-to-work states grew 5 percent faster than in non-right-to-work states.

RUSS HARDING, director of the Property Rights Network, addressed environmental regulation and other land issues on **WZZM13 News** in Grand Rapids on Nov. 12, on **WGVU Radio** and **WOOD Newsradio 1300** on Nov. 11, in the Sept. 4 **Mt. Pleasant Morning Sun** and the Oct. 1 editions of the **Escanaba Daily Press** and **Marquette Mining Journal**. A book review by **DIANE S. KATZ**, director of science, environment and technology policy, about comparisons between the quality of life today and a century ago ran in the Oct. 12 **Oakland County Legal News**. Katz was quoted in **The Detroit News** in a Nov. 9 story about renewable energy.

ISAAC M. MOREHOUSE, director of campus leadership, wrote about Michigan's inordinate number of professional licensing requirements in the Oct. 25 **Ann Arbor Business Review**. **I**

The Center's school privatization survey drew mention in the Sept. 10 **Livingston Daily Press & Argus**, the Oct. 9 **Oakland County Legal News** and the Oct. 10 **Detroit News**. **National Review Online** mentioned the Center in a Sept. 11 article about education tax credits. **DR. RYAN S. OLSON**, director of education policy, was widely sought for comment

on a number of school issues, including parental choice in the Oct. 17 **Battle Creek Enquirer**, school financing in the Sept. 17 **Saginaw News**, school savings in the Oct. 8 **Detroit News** and student testing in the Oct. 19 **Oakland Press** and Oct. 4 **Dowagiac Daily News**. Olson also wrote an Op-Ed about the Michigan Education Association school employee



In October, MichiganVotes.org saw a significant jump from 400,000 page views the previous month.

Policy Brief
Replacing Michigan's New Taxes With Budget Reductions: Curing \$1.358 Billion in Overspending With 55 Specific Recommendations

The budget deal struck by the Michigan Legislature in the week ending Oct. 1, 2007, represented both bad policy and bad timing. The Legislature's limited reforms were dwarfed by the state's new tax increases — an 11.5 percent increase in the state income tax and a new, non-revenue-neutral 6 percent sales tax that will make Michigan a uniquely uncompetitive location for many firms.

The Mackinac Center for Public Policy has identified 55 specific recommendations that would enable the state to repeal both the new taxes and the income tax increase. These recommendations are organized into five categories: 1) Repealing the new taxes; 2) Reducing state spending; 3) Improving the efficiency of state government; 4) Improving the state's financial management; and 5) Improving the state's infrastructure.

The Mackinac Center for Public Policy is a non-partisan, non-profit organization that promotes sound public policy. The Center's research is based on the principles of free-market economics and the protection of individual liberties. The Center's research is published in its journal, *The Mackinac Center for Public Policy*, and on its website, www.mackinac.org.

Copies of the Center's budget-reducing recommendations were widely distributed by the Michigan Chamber of Commerce — and even a few politicians.

The Detroit News

WMKT 1270AM
THE TALK STATION

The Grand Rapids Press

The New York Sun

FAMILY LIFE Radio
 A Ministry of Family Life Communications

PETOSKEY News-Review
 local news you can't get anywhere else

Talk Radio 1600
WJAM

Throughout the prolonged budget debate, media outlets, big and small, looked to the Center for analysis and ideas.

Lansing from Page One

of Oct. 1, the Michigan Legislature defied both empirical data and the will of the people by passing an 11.5 percent increase in the state's income tax and imposing an extraordinarily destructive 6 percent tax on many services. They also committed to passing a budget in 30 days that would contain "\$400 million in spending reductions."

In a Detroit News commentary the next day, LaFaive explained how the tax hike would further damage Michigan's economy and was a byproduct of the business-as-usual mentality in Lansing. He discussed the harmful effects of the tax increase that same morning on the Frank Beckmann Show on WJR, and his analysis reached a broader audience in an Oct. 4 Op-Ed published by The New York Sun.

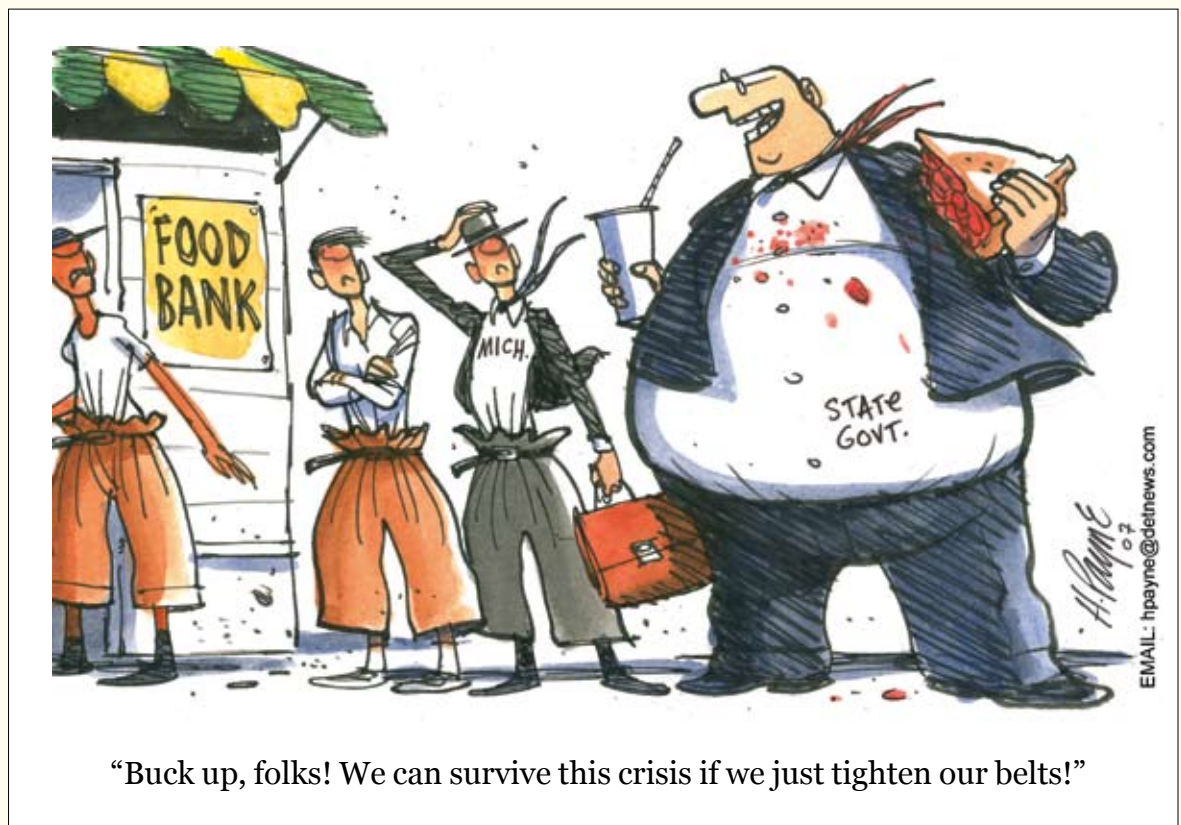
The 6 percent tax on many services became a particular focus of concern. Knowing that the Mackinac Center had identified billions of dollars in viable state spending reductions, the Michigan Chamber of Commerce asked Center budget experts to provide a list of \$750 million in spending reductions that would enable the service tax to be repealed.

The Center quickly did so — and more — releasing a policy brief on Oct. 18 containing 55 immediately achievable savings opportunities worth \$1.358 billion — enough to repeal both the

service tax and the income tax increase. Mackinac Center Senior Legislative Analyst Jack McHugh explained the details in interviews on radio talk and news programs throughout the state and the Chamber widely disseminated the brief.

The final 2008 budget adopted on the evening of Oct. 30 contained some of the items from the Center's policy brief, including reductions in a particular public school categorical grant program, the closure of some prison facilities and partial privatization of some foster care functions. But these reforms were undermined by a total state spending increase of some \$900 million, most coming from taxes and fees levied in Michigan.

The Mackinac Center issued a press release the next morning headlined: "State budget deal shows lawmakers' priority was business as usual." Almost no media outlets had reported that the budget increased spending in a number of areas, so McHugh drove home the point in interviews that appeared in the Detroit Free Press, on WAAM radio in Ann Arbor, WJR radio in Detroit, WMKT radio in Traverse City, WWJ News Radio in Detroit and the Family Life radio stations. In a Nov. 8 Op-Ed published in the Detroit News, McHugh explained that this was not a "liberal vs. conservative" issue, but one that should concern every Michigander who wants to see the state prosper. The Center's business-as-usual theme became the text of much of the subsequent media analysis.



"Buck up, folks! We can survive this crisis if we just tighten our belts!"

Not surprisingly, the public was unhappy about their elected officials growing government at a time when Michigan's economy and family budgets were contracting. On Oct. 14, The Oakland Press published a "budget worksheet" inviting readers to "vote" on 15 specific savings or reform recommendations contained in a Viewpoint authored by Jack McHugh. "The response was phenomenal," reported the editors on Oct. 28. More than 400 Michigan residents wrote, faxed and e-mailed the newspaper. The Press reported that respondents overwhelmingly favored all of the proposed spending reductions, most by more than 70 percent.

It's also not surprising that the defenders of the status quo were stung by all this or that their big guns would be directed against the Mackinac Center. On Nov. 14, WTCM radio host Ron Jolly was irked when guest

Gov. Jennifer Granholm refused to engage the Center's budget reform recommendations. So, Jolly invited McHugh on the program to respond in a 50-minute live broadcast on Nov. 20.

A second attack came in a Nov. 16 interview published in the MIRS "Capitol Capsule." Mitch Bean, director of the traditionally nonpartisan House Fiscal Agency, characterized the Center's budget reform recommendations as a "disservice to the public." Bean's remarks were largely unrelated to fiscal analyses; they appeared to be expressions of his own political preferences and fiscal criticisms that demonstrated he had not read the studies upon which the recommendations were based.

In a MIRS interview, McHugh rebutted Bean's criticisms, concluding that "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.'"

Without question, the final budget agreement was a blow to everyone not employed by government. But through the tireless education campaign of Mackinac Center scholars, Michiganians recognized that better alternatives existed and that the "budget crisis" was merely an excuse to increase government without reducing spending on programs dear to special interests. Once the truth was known, the people of Michigan made their voice heard, and politicians began looking for ways to undo what they had done. As with the MESSA reform victory (*see related article on page 1*), the Mackinac Center will be close at hand with policy ideas that can restore Michigan's fortunes. **I**



1. Lori A. Shane, 2. Valerie Crain, 3. Bruce E. Walker, 4. Bruce Beerbower, 5. Jack McHugh, 6. Michael D. Jahr, 7. Paul Kersey, 8. Thomas A. Shull, 9. Michael D. LaFaive, 10. Justin W. Marshall, 11. Daniel E. Montgomery, 12. Diane S. Katz, 13. William Freeland, 14. Ryan S. Olson, 15. James M. Hohman, 16. LeAnn K. Hadley, 17. Kenneth M. Braun, 18. Patricia Benner, 19. Ted P. O'Neil, 20. Isaac M. Morehouse, 21. Stephen J. Frick, 22. Patrick J. Wright, 23. Lawrence W. Reed, 24. Dale A. Anderson, 25. Kendra L. Shrode, 26. Russ Harding, 27. Sharon D. Millervise, 28. Joseph G. Lehman
Not pictured: Joshua Bush, Janet H. Eurich, Sarah E. Grether, Kara D. Malkowski, David Littmann, Louis Schimmel

Kent Herrick: Befriending Liberty

As cliché as it may sound, the Mackinac Center works hard at raising friends first, not funds. This coming year we will celebrate our 20th anniversary, and over the past two decades we have met thousands of freedom-loving individuals, many of whom have become close friends.

As friends often do, they will call us and introduce us to other friends and even family. Some call us to sponsor a membership or request publications for their children, grandchildren, siblings and other family members. We are proud when they share our work and inspire another generation to take on the cause of freedom.

One of these multi-generational friends is Kent Herrick, who officially took his seat on the Center's board of directors on Sept. 17. Herrick's father, Todd, served on the Center's board during the 1990s.

Kent Herrick is president of Thermogy, a company focused on the development and commercialization of technologies related to combined heat and power alternative energy sources. Herrick, a southeast Michigan native, previously served as executive vice president of Tecumseh Products Company and graduated with



Kent W. Herrick

his bachelor's degree in mechanical engineering from the University of Notre Dame.

"Todd Herrick served on our board in the 1990s and that family tradition is now bolstered by the addition of his son, Kent," said Mackinac Center President Lawrence W.

Reed. "We are proud and honored that Kent will be helping build the future for us and for our state."

Herrick, of Saline, said he sees the Mackinac Center as a "broker of information and ideas," which is why he and his family have been long-time supporters.

"The Mackinac Center informs the debate that is essential to maintaining principled public policy," Herrick said. "Michigan is well-served by having an organization with such a strong and steady voice." **I**

Good Policy Ideas Will Lead to Good Decisions

In a Nov. 7 Detroit News article on possible alternatives to the service tax, House Speaker Andy Dillon (D-Redford) said he is "very open to finding a better revenue stream" if the tax were repealed. The story adds that, "Dillon also said that in order to deal with the issue, House leaders may decide to cut back their scheduled 18-day deer hunting and Thanksgiving break."

It's encouraging to know decisions are being made in Lansing.

Unfortunately, the important, visionary and principled decisions remain elusive, and that is why the Mackinac Center is so crucial today.

Our work details how legislators can responsibly reduce government spending instead of raising taxes. A survey in The Oakland Press showed an overwhelming number of its readers are in favor of our cost-cutting reforms, with 81 percent supporting the repeal of the state's prevailing wage law and 92 percent voting to cut state worker pay and benefits.

Even liberties that are often taken for granted receive our attention. The Center's new Property Rights Network champions the American dream of

property ownership and assists homeowners, small business owners and entrepreneurs fighting against eminent domain abuse and regulatory takings.

The more we educate the public about misguided policy, the more things will change. In the final state budget, important reforms to teacher health insurance and retirement benefits were included despite powerful opposition from the Michigan Education Association union. For years, this would have been unthinkable in Lansing, but the impossible has become reality because the Mackinac Center years ago took the lead on making the case for reform.

In short, the public support we create for sound policy allows politicians to make the right decisions.

It is my early New Year's resolution to increase the number of people who support the Mackinac Center and the funds we have to engage the media and provide more public educational programs.

Please consider us in your holiday giving this year. You can use the enclosed business reply envelope or respond through our year-end appeal. Thank you and happy holidays! **I**

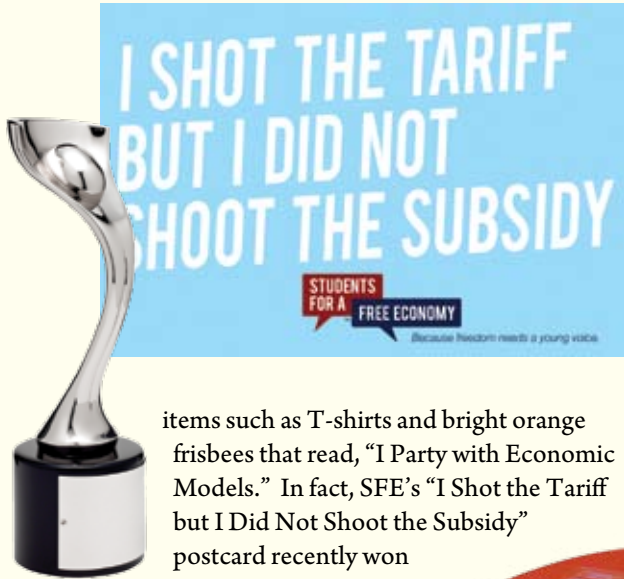


Justin W. Marshall,
Director of
Advancement



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.

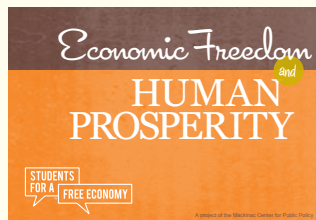
SFE from Page Three

The International Academy for the Visual Arts awarded the Mackinac Center a 2007 Silver Davey Award for an SFE postcard design.

items such as T-shirts and bright orange frisbees that read, “I Party with Economic Models.” In fact, SFE’s “I Shot the Tariff but I Did Not Shoot the Subsidy” postcard recently won a Davey Award for

outstanding design. Creative initiatives like the SFE-sponsored monthly free-market commentary contest have resulted in several excellent freedom-promoting articles in student newspapers across the state.

The greatest success of SFE has been its ability to pull together several different student groups that normally struggle to find common ground. Libertarian, conservative and other student groups have worked together on SFE events with a shared vision on free markets. This type of cooperation is imperative to advancing the ideals of economic freedom.



A reporter interviews Kenyan journalist and international speaker June Arunga following her remarks to more than 100 students and faculty at Central Michigan University.

In addition to campus activities, SFE in October hosted its second Clarkson Colloquium, named for the Englishman who fought to end slavery in the British Empire. Grove City College in Pennsylvania sent 12 students and one faculty member to attend the two-day event where students discuss liberty and the strategies for advancing it.

Like any effective resistance movement, Morehouse says SFE will appeal to the hearts, minds and personal appetites of those it seeks to win over. For instance, SFE plans to work with other student groups to launch “pizza and movie night” events across the state, using pizza, a free-market movie and discussion to introduce students to sound economic ideas. Though its message may run counter to the prevailing wisdom on most campuses, SFE will continue to deliver the message of freedom in a way that is accessible and fun. **I**

Center Snapshot

Paul Kersey was promoted to director of labor policy in September. Kersey first worked for the Center as a labor policy research associate from 2001 to 2003. He returned to the Center as senior labor policy analyst in 2006.

MESSA Reform from Page One

claims history even though other insurers typically provide such information, enabling districts to shop for competitive packages. In a letter to members this fall, MEA President Iris Salters urged public school employees to tell their lawmakers to vote against both reforms. Her letter concluded: “Your ability to bargain the health plan of your choice and to protect your family’s health coverage depends on stopping this dangerous legislation from becoming law.”

But the combined clout of the MEA and MESSA is not what it once was. The message that MESSA is an overpriced and unnecessary entity had sunk in with Michigan taxpayers, school board members, reporters and even a number of legislators who finally stood up to the MEA’s relentless lobbying and public relations campaign. In 2008, school districts will finally have the legislative backing and claims data needed to shop for more cost-effective health insurance options.

Center scholarship and educational efforts went a long way toward creating the climate for change. The Center’s 1993 MESSA study, coauthored by late Senior Vice President Joe Overton, documented how tens of millions in tax dollars were then being wasted by “uncompetitive” school employee health insurance. In 1994, the Michigan Insurance Bureau released an audit of MESSA and ordered it to return approximately \$70 million of excess reserves to Blue Cross Blue Shield, the underwriter of the insurance that MESSA administers.

By 1998, Frank Webster, who had served as the executive director for MESSA, was helping the Center expose MESSA’s burden on taxpayers. He wrote about why it was important for school districts to have access to claims history. He also explained how the MEA was fighting to block that simple reform.

Center publications like Michigan Education Report, Michigan Privatization Report and Michigan Education Digest have repeatedly covered the MESSA story, telling the tales of districts that have done battle with the MEA over health insurance and some that successfully switched to less expensive options. Among other things, these publications reported that MESSA had net assets of nearly \$270 million as of June 30, 2006, including an increase in assets of approximately \$129 million in the 2005-2006 fiscal year.

Over the last two-and-a-half years, Dr. Ryan S. Olson, the Center’s director of education policy, discussed the need for MESSA reform in interviews, speeches and Op-Eds throughout the state. Shortly before the Legislature’s October reform vote, Olson



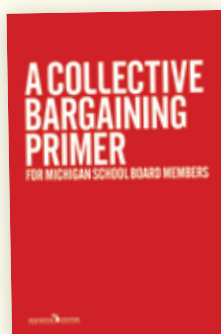
Dr. Ryan S. Olson, director of education policy, discusses educational choice on Grand Rapids public television station WGVU.

analyzed an ironic chapter in the MESSA story in a Detroit News Op-Ed. Reminding readers that MEA affiliates across Michigan hold up labor contracts as a means of strong-arming districts into accepting MESSA, Olson told of the MEA’s fight with its own professional staff over the same issue. Retired MEA employees, represented by the United Staff Organization, a separate labor union, received MESSA Super Care I — health insurance costing as much as \$4,000 more per family than the national average. In an effort to cut costs, the MEA wanted to shift its staff to a cheaper plan. The impasse nearly led to the MEA facing a strike against itself over the high cost of MESSA.

Earlier in the year, the Center’s Collective

Bargaining Primer analyzed the importance of health benefits in contract negotiations and included among its recommendations the release of the claims history data for school districts. When Senior Legislative Analyst Jack McHugh compiled frequently cited lists of “\$1.9 Billion in State Budget Savings” and “55 Recommended State Budget Reductions,” he included significant annual savings that could be had by breaking out of the MESSA box.

For more than 40 years the beneficiaries of the lucrative MEA-MESSA relationship had little to fear from politicians or competitors — until a tireless truth campaign made reform unavoidable. The Mackinac Center’s 14-year march culminated in a law that could save Michigan taxpayers several hundred million dollars per year. **I**



VIEWPOINTS

Sweet Home Alabama

October 2007 V2007-28

Right-to-work states like Alabama are on pace to pass Michigan for per-capita disposable income.

The Love of Power Versus the Power of Love

October 2007 V2007-29

Those who want to live in a civil society will embrace the power of love over the love of power that dominates political society.

Governor and Legislature Appear Unable To Judge Priorities

October 2007 V2007-30

The governor and the Legislature have been debating tax hikes, but their unwillingness to act on recommended judiciary reforms highlights their

failure to set priorities and control state spending.

Tax Increases Harmful to Michigan's Health

November 2007 V2007-31

The tax hike approved by the Legislature in October is not the cure for what ails Michigan.

Budget Savings Can Replace Tax Hikes

November 2007 V2007-32

While transformational government restructuring

is necessary to ensure Michigan's future economic health, short-term budget savings can be realized that effectively eliminate the need for the recently passed \$1.3 billion tax hike.

Supreme Court Decision Complicated, But Correct

November 2007 V2007-33

A recent decision by the Michigan Supreme Court sheds light on who has standing to file lawsuits and why.

Water Agreement Not Right for Michigan

December 2007 V2007-34

A charter dealing with Great Lakes waters threatens Michigan's sovereignty over water diversion. Ratification would deal the state another economic and environmental blow.

School Boards Empowered to Save Insurance Dollars

December 2007 V2007-35

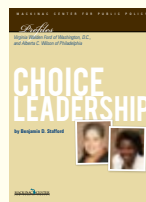
New laws make school districts less dependent on employee health insurance administered by MESSA, an affiliate of the Michigan Education Association. School boards must take action to realize significant savings.

State Budget is Business as Usual

December 2007 V2007-36

Michigan's new budget increases spending by \$900 million, proof positive that no "crisis" existed and that tax hikes were designed to preserve the status quo.

SPECIAL ITEMS



Choice Leadership

S2007-15

Essays about Alberta Wilson and Virginia Walden Ford detail two extraordinary women and how they champion educational choice to help the children of Philadelphia and Washington, D.C., respectively.

The Edmonton Public Schools Story

How one school district and its superintendent embraced choice and competition.

JOURNALS



Capitol Confidential

CC2007-01

The inaugural issue of the Center's newest periodical. This bi-monthly publication provides a review and analysis of important state legislative policy

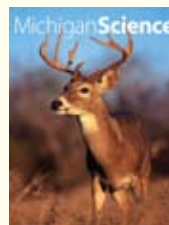
issues that don't always receive attention from the general media.



Michigan Education Report

MER2007-04

Key stories: Contracting for support services up, Learning Circle Academy, high school Debate Workshop coverage, union money in school board elections, green curriculum, health insurance.



MichiganScience

No. 5

Key stories: Deer hunting, Great Lakes water levels, Mackinac Bridge construction, obesity.

STUDIES & REPORTS

Replacing Michigan's New Taxes With Budget Reductions: Curing \$1.358 Billion in Overspending With 55 Specific Recommendations

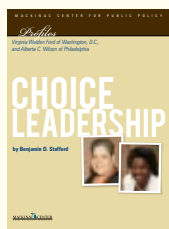
S2007-14

A list of immediate spending cuts the Michigan Legislature could enact to erase a \$1.3 billion tax hike.

How to order

All publications are available at www.mackinac.org. For telephone orders, please call the Mackinac Center at 989-631-0900. The Center accepts Visa, MasterCard and Discover/NOVUS for your convenience. Please have your card and item titles handy when calling.

Model Leaders



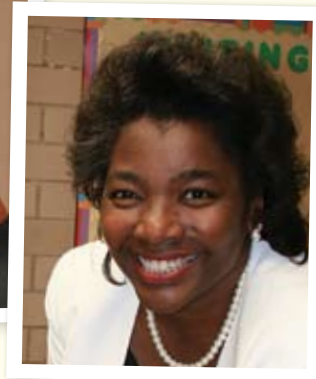
In a culture saturated with celebrities of deplorable character, it's good to know there are still high-minded people whose examples shine. We need more of them!

Two such people, Alberta Wilson of Philadelphia and Virginia Walden Ford of Washington, D.C., are profiled

in a new inspirational monograph entitled "Choice Leadership" published by the Mackinac Center in early November. Author Benjamin D. Stafford is a senior economics major at Hillsdale College and was a summer intern at the Center in 2006 and 2007.

Both Alberta and Virginia are inner-city women of humble backgrounds who are working tirelessly in very difficult places to help the victims of failing public schools. They are described in the monograph as "courageous, forward-thinking, can-do citizens who have been willing to stand up at no small expense to themselves."

Alberta founded Faith First Educational Assistance Corporation in 2002 for the purpose of raising private dollars for children to attend Christian schools that stress safety, academics and moral character. Faith First has awarded nearly 400 scholarships in its first five years. Mackinac Center President Lawrence W. Reed keynoted the organization's anniversary banquet in Philadelphia on Nov. 3.



Virginia founded D.C. Parents for School Choice in 1998 after President Clinton's veto of a voucher law for the nation's capital. Her relentless efforts, along with many parents and other activists, finally led to a limited choice bill being passed in 2004. About 1,800 D.C. children now are able to escape poor public schools assigned to them by the government.

Both women spend considerable time mentoring parents and helping them make good choices that fit the needs of their children. Their personal stories of overcoming obstacles in both life and politics are quite moving and explain much of their zeal to assist others. "Interviewing Alberta

and Virginia, and meeting with some of the parents and children they've helped, are experiences from my Mackinac Center internship that I will never, ever forget," says Stafford.

Those experiences will likely help Stafford in his future

career plans. He wants to work at a place where he can continue to write about model leaders and perhaps nurture some new ones. "If the Mackinac Center can raise funds for an economics education program for private and home schooled students," says Reed, "Ben Stafford would be a great person to direct it." **I**

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FOR PUBLIC POLICY

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2007 Davey Awards