

Home Health Care Bill Signed Into Law

Imagine being the parent of a developmentally disabled adult child who needs your round-the-clock care. Your son or daughter receives a Medicaid payment which can be used to purchase medicine, medical devices or services that enhance his or her well-being. How would you feel if a government employees union began to skim money from this payment claiming that you, the parent, are now a government employee and are therefore compelled to pay “dues” from this aid?

This is the scenario faced by more than 60,000 Michigan home health care workers — many of them caring for loved ones in their own home — as part of an arrangement concocted by Gov. Jennifer Granholm’s administration and the Service Employees International Union. But thanks to the relentless efforts of the Mackinac Center’s legal, reporting and communications teams, this

practice was exposed and Michigan law now explicitly states that home health care workers are not government employees simply because those they care for receive a government subsidy.

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Melissa Haynes and her brother (not pictured) suffer from severe cerebral palsy. Their parents are now free to provide them full-time care without the burden of illegal union dues.

Hail to the Victors!

Layla Houshmand has a passion for freedom that’s often characteristic of first-generation Americans. Her father was born into abject poverty in Iran, but with a brilliant mathematical mind he worked his way out of destitution to earn a doctorate at the University of Michigan. Today he’s the president of Rowan University in New Jersey.

Houshmand is following in her father’s footsteps at the U-M as a graduate student research assistant, pursuing a Ph.D. in biomedical engineering. Given her ardor for individual liberty, academic

achievement and the rule of law, it’s not surprising that she bristled when a campus labor organization tried to label her a government employee, force her into a union and collect “dues” from her research stipend — all in violation of Michigan law.

The deck seemed stacked against Houshmand and the 2,200 other graduate student research assistants at the U-M. In a party-line vote, the university’s Board of Regents in May 2011 chose to override concerns of

see “Hail to the Victors!” Page 4



Layla Houshmand, a graduate student research assistant from the University of Michigan, was one of 2,200 students who would have been affected by the forced unionism.

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“Tell the Mackinac Center that, OK?”

— Senate Majority Leader Randy Richardville, R-Monroe, to reporters that he supports putting newly hired public school employees into a 401(k)-style retirement plan and closing the current pension and health care plan. (Detroit News, May 16, 2012)



The Final Out!

In the last issue of Impact, we praised our supporters for helping us come so far in our Triple Play campaign, and asked people to keep giving. And, boy, did you ever.

As of April 30, 2012, our Triple Play fundraising goal of \$1,650,000 was met with an unprecedented outpouring of support. Our original goal to reach that amount was July 31, 2013, putting us more than a year ahead of our schedule. This is due wholly to those of you who so graciously and generously put their time and money into supporting our mission: bringing free-market policy solutions to Michigan.

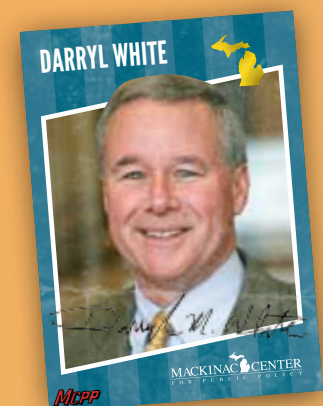
With donations coming in both big and small, we appreciated just as much those who offered everything they could. Anonymous contributors offered words of support from a \$10 gift accompanied by a note that read, “I wish I could send more!” to the \$100 online gift to “Keep up the good work.” These daily reminders of our impact motivated the staff more than words can say.

What I find so inspiring is that two-thirds of the gifts made were to our

general operations budget — that is, people did not specify a particular arena such as our litigation or transparency efforts, but donated the money freely and without limitation.

This is a direct result of putting a picture in people’s heads of what we do every day. Our supporters trust in what we’re doing with limited government and personal responsibility, and we feel more motivated every day to live up to this faith in our free-market efforts.

These results would not be possible in an organization without consistent leadership and a consistent mission, which the Mackinac Center is both fortunate to possess and works daily to ensure. I extend my heartiest thanks to all those reading this now, and we are thrilled at the future’s prospects for our organization. I



PRESIDENT'S MESSAGE

'The 3 Percent' vs. the Constitution



Joseph G. Lehman
President

A group called Protect Our Jobs says it wants to amend Michigan's Constitution to preserve the middle class. In reality they promote a radical campaign to rig the game in favor of a select few. How few? Only those who work in unionized government at the state, local and school levels, which is about 2.8 percent of Michigan's population. Rounding up, we can call them "the 3 percent."

The amorphous Occupy movement had tremendous success coining the term "the 1 percent." Many of them tagged "one-percenters" as the privileged few who supposedly escape all damages of the Great Recession at the expense of the 99 percent.

Our "3 percent" calls out the small number of union workers whose cozy relationship with government insulates their wages, deluxe benefits and bulletproof job security from the economic world of the 97 percent. We see little difference between Occupy's original focus and the current union power play — both represent the noxious effect of big money and big government in bed together at the expense of everybody else.

The POJ campaign wants us to believe that government workers, representing the middle class, are being singled out for assault by the fiscal reforms begun last year by the Legislature and governor. For instance, many unionized government employees now have to pay 20 percent of their health insurance premiums (just like the 97 percent).

Lawmakers closed about \$1 billion of the \$5.7 billion gap between government employee benefits and private-sector averages last year. We hope they are only getting started.

Protect Our Jobs argues that, unless we pass their amendment, the entire middle class (not just unionized government workers) will be worse off. But the amendment does nothing for the middle class as a whole except putting them on the hook for ever-more-expensive unionized government workers. POJ would not affect union workers at private firms.

Under the amendment, union contracts in government and schools would actually supersede the Legislature's authority. The language explicitly states that no past or future law could affect anything in those contracts (except laws related to strikes). POJ would also probably ban a right-to-work law.

Such a radical plan makes it clear the unions are going for broke. They're not just trying to undo last year's reforms. They're trying to make every collective bargaining session a mini-constitutional convention, held in secret.

The campaign — led by UAW President Bob King — took a swing at the Mackinac Center when they launched earlier this year. Their video rhetorically asks "Who's behind these attacks on workers?" and then cuts to me speaking at our dinner with Gov. Snyder and Indiana Gov. Mitch Daniels last fall. Superimposed text answers the question, "Corporate CEO front groups like the Mackinac Center."

My first chance to use "the 3 percent" was last month at a debate sponsored by the Detroit Regional Chamber on Mackinac Island (where I mistakenly said "two" instead of "three"). I was told I'd be going up against UAW's Bob King, who keynoted the Chamber's conference last year. But Mr. King decided not to debate me and sent a substitute. I've asked him to reschedule before the November election. I'll keep you posted. I

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THE ONLINE LEARNING REVOLUTION

Digital technology has positively impacted many aspects of our lives — and now even public schools are beginning to feel its impact. Traditionally, this large bureaucratic system has been adverse to change, yet the extraordinary and personalized opportunities being offered to children have already fostered an environment of limitless achievement. Recognizing these benefits, the Mackinac Center is leading a statewide charge to educate the public about the benefits of digital learning.

To this end, the Center invited Bob Wise, former Democratic governor of West Virginia, to Michigan on May 23. Gov. Wise is president of the Alliance for Excellent Education and co-chairs the bipartisan Digital Learning Council with former Republican Florida Gov. Jeb Bush. Gov. Wise is known nationally for his expertise on digital learning, and travels around the country promoting the effective use of technology to improve teaching and learning.

The Mackinac Center arranged a full schedule for Gov. Wise's visit to the Great Lakes State. In fact, even before he arrived, we arranged a radio interview for him on The Frank Beckmann Show on WJR-AM760 and an opportunity to place an op-ed on the importance of digital learning in the Detroit Free Press.

Gov. Wise told Michael Van Beek, the Center's director of education policy, that he was impressed we were able to get him a spot on the state's most-listened to talk show and space in its most-read newspaper.

Perhaps the highlight of Gov. Wise's visit was a luncheon event the Center hosted at the Lansing Center which also featured Michigan Gov. Rick Snyder. Both he and Gov. Wise emphasized the importance of expanding digital learning opportunities to a packed room of policymakers, school officials and reporters. Gov. Snyder especially appreciated the opportunity to meet and present with Gov. Wise. He said about the event: "It's exciting. I think we're going to learn some stuff today, and that's what I love to do. Being a good nerd, I try to learn something new every day, and we've got someone to learn from."

Such bipartisan leadership is rare in politics today, but this event demonstrated that party lines should not and need not interfere with good public policy. This, of course, is a core feature of the Mackinac Center's philosophy.

Before the luncheon, Gov. Wise spoke to the Senate Education

Committee. Van Beek worked with the chair of that committee, Sen. Phil Pavlov, R-St. Clair, to arrange for this public testimony. Gov. Wise discussed the urgent need to reform how schools deliver services to students, and praised Michigan for recently expanding the enrollment cap on full-time online charter schools — a policy the Mackinac Center recommended more than 18 months ago.

The final item on Gov. Wise's agenda for the day was an evening event, also hosted by the Center and also in Lansing. This time the governor was joined by Michigan's Superintendent of Public Instruction, Mike Flanagan, and Oxford Community Schools Superintendent, Bill Skilling - the subject of a recently published Mackinac Center case study. Superintendent Flanagan expressed his appreciation for the Center's work: "There are good ideas, not only from the Mackinac Center, but from a lot of different places, and we have to feel comfortable to go and exchange these ideas and think differently."

Altogether, over 200 people heard Gov. Wise speak in person about the importance of expanding digital learning in Michigan. The luncheon and evening event were both broadcasted live over the Internet as well, and more than 50 viewers tuned in that way. There were several news stories that covered these events as well, including ones in MIRS, Gongwer, WILS, Mlive.com and the Midland Daily News.

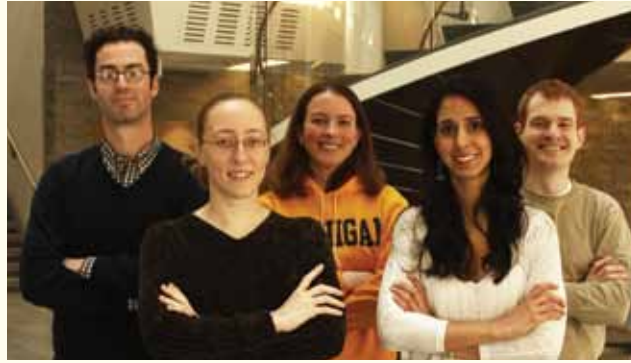
In the end, Gov. Wise said this about his visit and the Mackinac Center: "I came here to be a speaker at a few events and hopefully impart some information, and to be frank with you, I'm going to leave having learned far more." I



State Superintendent Mike Flanagan, Oxford Community Schools Superintendent Bill Skilling, and former West Virginia Gov. Bob Wise answer questions from the audience at the "Online Learning Revolution" event.

HAIL TO THE VICTORS! from Page One

the U-M president, college deans and graduate student research assistants by giving a green light to the Graduate Employees Organization to conduct a unionization vote amongst the GSRAs. This placed the GEO in a position to more than double its membership and more than double its dues to over \$1 million annually.



Some of the 370 University of Michigan graduate student research assistants represented by the Mackinac Center Legal Foundation.

Such a vote would have been a flagrant violation of settled Michigan law, said Mackinac Center Legal Foundation Director Patrick J. Wright. The MCLF represented more than 370 U-M GSRAs who opposed the unionization effort. In 1981, Wright pointed out, the Michigan Employment Relations Commission ruled after weeks of extensive hearings that graduate student research assistants are not government or university employees, but students. As such, they cannot be subjected to collective bargaining.

Unionization would also be damaging to the university's reputation as a world-class research institution and to students pursuing advanced degrees there, according to Houshmand and many of her fellow students.

"The value of our degrees is tied to the University of Michigan's prestige, which is a function of the university's ability to recruit the best faculty and students," said Houshmand. "Consider the power a Michigan degree holds if it can turn a poor boy from the slums of Tehran into the president of an American university. Unionizing GSRAs would scare away talent, undermine the U-M's reputation and make it harder for students to conduct independent research."

With the Regents' blessing, however, the GEO began the process of conducting a vote, beginning by petitioning MERC to move forward. In July 2011, Wright filed a motion to intervene at MERC in the deliberations over the GEO's petition. MERC initially voted to uphold its 1981 ruling, while at the same time rejecting the students' right to intervene. MERC commissioners reversed themselves in August and tasked an administrative law judge to review the GEO's argument, which claimed that circumstances had changed.

The publicity surrounding the case began to draw the attention of elected officials, including legislators and Michigan Attorney General Bill Schuette. Both Wright and Schuette sought to intervene in the administrative proceeding, Wright on behalf of

Students Against GRSAs Unionization and Schuette on behalf of the people of Michigan. MERC rejected both petitions, setting up a bizarre scenario where both sides of an evidentiary hearing wanted the same result. However, the administrative law judge later permitted

Wright to suggest evidence and witnesses at the conclusion of the hearing.

The case worked its way up to the state Supreme Court, which ruled that the students and the Attorney General lacked jurisdiction in the case because neither party before MERC — the union nor the university — contested the union election. Justice Stephen Markman, however, noted the "manifest unfairness" of MERC's "convoluted procedure."

The Legislature then took action. Bills that explicitly defined these students as research assistants and not government employees moved swiftly through both chambers. On March 13, Gov. Rick Snyder signed the legislation, confirming that graduate student research assistants at state universities are not government employees.

Wright's clients were ecstatic that they could return to their research free from the threat of a union and the coercive collection of dues.

"It's a relief," said Melinda Day, one of the first students to take a stand against the unionization effort. "Now I can get back to the real reason I'm at the University of Michigan — to pursue my doctoral degree as a graduate student."

Houshmand said the new law lifted a burden from the backs of many graduate student research assistants. "When my father was a University of Michigan GSRA, he was also providing for a family of four. Had a union started taking money from his research stipend, it's likely he could not have afforded to pay the rent."

The GEO has filed a federal lawsuit to overturn the law. But the students remain grateful that someone offered them a voice in what seemed a rigged game and that lawmakers addressed their plight.

Houshmand's posting on the Mackinac Center's Facebook page after the law was passed captured the students' sentiment: "This girl is a very happy GSRA today," she wrote. "Thank you, Mackinac Center!" **I**

Pension Reform: Transition to Fiscal Responsibility

For 50 years, the state of Michigan has been procrastinating on paying its unfunded liability on the Michigan Public School Employee Retirement System, or MPSERS. James Hohman, assistant director of fiscal policy at the Mackinac Center for Public Policy, has researched and written a new study with five proposed solutions to the fiscal quagmire, titled “Five Options for Addressing ‘Transition Costs’ When Closing the MPSERS Pension Plan.”

Hohman grasps the state’s dilemma from its beginnings in the Michigan Constitution of 1963, which explicitly required prefunding these pension benefits. This is a far cry from the current complaint that “transition costs” will outweigh the benefit of switching to a defined-contribution system. With five options listed out one by one, the state is presented with the realities of the financial situation in a constructive, results-oriented format.

To supplement this study, the Center has also put out a “pension trilogy,” that combines three of our most recent studies on the topic.



These provide background and perspective on the proposed solutions to the problems.

The discussion of pension reform has been a hot-button issue in the Michigan Legislature, particularly as surrounds the idea of transition costs. As Hohman puts it, “This has been a novel contribution to the debate because everyone has treated these alleged transition costs as de facto reality, but when I started exploring them in detail and what exactly they meant and exactly what they represented, the whole idea fell apart.”

Currently, legislation to switch MPSERS from a defined-benefit to a defined-contribution system is in the House – the legislation has already passed the Senate as of May 17. While the reform future of MPSERS is by no means certain, Hohman says, “I think the paper’s really having the effect of getting legislators to consider these reforms.” Through the work’s careful research and flexible suggestions, the Mackinac Center looks forward to helping improve the lives of both the public employees covered under the plan and the taxpayers funding it. **I**

Detroit Public Schools’ Charter Voyage

Imagine our surprise when we discovered that the official plan to reform Detroit Public Schools sounded a lot like something a Mackinac Center analyst might have written. Indeed, the school district, once called a “national disgrace” by Dan Rather, appears to have finally turned the corner, and the students of Detroit are looking at a brighter future because of it.

Self-governing schools are the key element of the district’s plan, a concept core to the idea behind charter schooling. Beginning in the fall of 2012, the district will move 26 schools, including 16 authorized charters, out from under the crushing district bureaucracy that often stifles innovation and improvement. These schools will have new autonomy, but also accountability — both to the parents who choose to enroll their children in them and to the district that oversees them.

This is a massive culture change for DPS — and the district’s new plan recognizes this. It calls for the district to transition from a “monopoly provider of school services” to one that holds itself accountable “to provide the services that its

customers — schools — demand.” Further, the districts “plan to turn its traditional centralized bureaucratic business structure into one that is efficient, and financially self-sufficient” by competing with other firms to provide the city’s schools with fee-based services.

The architect of this plan is current emergency manager of the district, Roy Roberts. Empowered by Public Act 4, a 2011 bill that reformed Michigan’s emergency manager law with several recommendations made by Mackinac Center analysts, Roberts is on a course to hand back control of the city’s schools to the people that matter most: teachers, parents and students.

Urban education reform has proven to be one of the most difficult challenges in all of public policy. While there are still a number of key questions that remain unanswered in Detroit — especially how to implement all of this with a highly unionized and trenchant workforce — its move to leveraging choice and competition is the first and most important step to its rejuvenation. **I**

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Since it's hard for a union to represent "employees" when they work for themselves or merely care for relatives, the sordid endeavor began with the need to create a fake public employer. To that end, the Michigan Quality Community Care Council was created through an interlocal agreement between the Michigan Department of Community Health and the Tri-County Commission on the Aging.

The SEIU then applied to the Michigan Employment Relations Commission, the state's labor board, to be named the mandatory collective bargaining agent for the home health providers. MERC aided the union in two ways: 1) it decided to allow an election without questioning whether the providers were government employees, a precondition to an election; and 2) it ran the election as quietly as possible to avoid drawing attention to the dubious government-employee designation. In a low-turnout election, fewer than 7,000 people voted to unionize with 1,000 opposed.

The dues began being skimmed in late 2006. The plot did not receive widespread attention until it was discovered during the Mackinac Center Legal Foundation's lawsuit over a similar skim from home-based day care workers. The day-care skim ended in March 2011 when Gov. Rick Snyder pulled the Michigan Department of Human Services out of an interlocal agreement that created the fake employer involved in that case, the Michigan Home Based Child Care Council.

The Legislature responded by explicitly defunding the MQCCC in the 2012 budget cycle. When the 2012 fiscal year began it was expected that the home-health skim would end. When it didn't, Rep. Paul Opsommer, R-DeWitt, pushed legislation he had introduced clarifying that home health care providers and home-based day care workers are not government employees. The bill passed the House in June 2011, only to languish in the Senate.

Michigan Capitol Confidential correspondent Jack Spencer and Senior Investigative Analyst Anne Schieber produced detailed coverage of those affected by the dues skim, the origins of the scheme and possible motives for the Senate's intransigence. Their work garnered national coverage, including Fox Business News, The Weekly Standard and Rush Limbaugh. Schieber's video of Robert and Patricia Haynes, parents of two adult children with severe cerebral palsy, was posted on Breitbart.com and The Blaze.

Spencer's coverage exposed the fact that Senate Appropriations Chairman Roger Kahn had received a \$5,000 contribution from the SEIU the day after

Opsommer's bill passed the House. CapCon Freedom of Information Act requests found that Kahn had made a number of attempts to secure supplemental funding for the MQCCC. In an email, Kahn suggested hiding the funding in another budget and lowering the pay of all home health care workers in order to give the "savings" to the MQCCC.

The Center and CapCon also posted a SkimTracker on its home page to tally the SEIU's take from home health care providers. The number reached \$30 million before the Senate finally relented and passed legislation to end the skim in March. Gov. Snyder signed the bill in April. In a press release, he stated, "Those employed by private individuals cannot become public employees simply by receiving government dollars. ... I am pleased this bill will return the interpretation of the law to its initial intent."

Yet, the dues collection continued, apparently over concern about the union's contract with the never-legal, now-unfunded "public employer." This seemed ludicrous, since the MQCCC had moved to the basement of its former director, who works only three hours a week so she can receive unemployment insurance and since the SEIU was helping keep its doors open with a \$12,000 contribution. Not a bad investment for a multi-million dollar return.

Attorney General Bill Schuette ended any confusion over the matter when he issued an informal opinion letter to Rep. Opsommer indicating that the dues skim must stop immediately. "Private individuals do not transform into public employees simply by participating in taxpayer-funded programs like Medicaid," Schuette noted in a press release.

Not surprisingly, the SEIU filed a federal lawsuit challenging the law. The union is also gathering signatures for a ballot campaign to enshrine the skim in Michigan's Constitution.

Nevertheless, two lucrative forced-unionization schemes involving 100,000 private individuals and millions of dollars were brought to the attention of Michigan residents and policymakers by the Center's multi-pronged approach of analysis, reporting and strategic litigation. You can be sure Center analysts will closely monitor — and perhaps enter — the court proceedings on behalf of Michigan taxpayers and the state's most vulnerable populations. **I**

(Following passage of the law, the SEIU sought an injunction in federal court. On June 20, a judge granted the injunction, allowing the SEIU to once again begin collecting dues. The case is ongoing.)

2012 Off to a Great Start — Six Significant Legislative Reforms

As reported in the Spring 2012 Impact (“25 Reforms in 2011”), last year was a banner year for government reform in Michigan. While the pace has slowed in 2012, we’re still making important progress.

1. School pension reform. As this issue of Impact goes to the press, there is agreement between the House and Senate on discontinuing post-retirement health care benefits to new school employees, and requiring current retirees to pay 20 percent of cost for this benefit (up from the current 10 percent). School employees would also have to kick-in more for their pensions. The final agreement may also include closing the school pension system to new employees, as was done for all state workers hired since 1997. This would be transformational, making Michigan just the second state to place itself on a glide path to eventual elimination of government employee legacy costs. Stay tuned to Mackinac.org and CapCon for the latest.
2. Online charter “cyber school” expansion. For reasons appreciated by teacher unions and the conventional school establishment, Michigan allows just 1,000 students statewide to benefit from innovative online learning opportunities. This will gradually increase to 2 percent of the state’s public school students — a partial reform since the state Senate had earlier voted to eliminate the artificial enrollment cap altogether. It’s still a demonstrable increase for those on waiting lists.
3. School union dues collection. Public school payroll systems will no longer be vulnerable to teachers union dues collection abuses under a new law that prohibits school districts from automatically deducting these from employee paychecks (and forwarding the money to the union). A fringe benefit, the bill also requires more rigorous union reporting of how they spend those dues, including lobbying and political campaigns.
4. “Stealth unionization” (finally) banned, Part 1. Citizens were outraged when the Mackinac Center exposed a scam in which money from thousands of disabled individuals who get home health assistance was redistributed to the SEIU government employee union as phony “union dues.” Although delayed, the Legislature finally passed a bill banning this, and the looting ended in May with a state Attorney General opinion cutting off the flow sooner than scheduled.
5. “Stealth unionization” banned, Part 2. University graduate students who earn money by working as research assistants for professors won’t have to worry about union dues being taken from their paychecks under a new law signed by Gov. Snyder in March. The Mackinac Center Legal Foundation highlighted this potential abuse by representing a group of University of Michigan students resisting forced unionization.
6. As this issue of Impact goes to press, work is still underway on cutting the property taxes currently imposed on business tools and equipment. This pits local governments (who want the money) against small businesses and manufacturers, who point out that a tax on the tools and equipment employers who provide goods, services and jobs may be destructive. The Mackinac Center’s first of many articles pointing out the repeated inefficiency of this “personal property tax” was published in 1990. Nothing is guaranteed, but the odds favor some reform this year.
As legislators’ memories fade of the voter anger that swept in a Republican governor and big legislative majorities, reform in Lansing becomes increasingly difficult. Nevertheless, as the preceding demonstrates, progress is still made by efforts from those committed to limited government and free-market solutions.
Going forward, the emphasis will likely shift to protecting progress against union-funded ballot measures, which would undoubtedly usher in a “back to the future” return to the previous decade’s decline. Some major battles have been won, but the war for Michigan’s future is hardly over. **I**

MICHIGAN by the Numbers

4
Number of Constitutions
Michigan has had.

18
Liquor control states, Michigan
being one. The rest only provide
licensing to liquor retailers and
distributors.

3
Percent of Michigan population
that would benefit from “Protect
Our Jobs.”

444,185
Members and retirees of the
school employee pension
system, the largest government
retirement system in Michigan.

\$22,388,860,544
Difference between what school
employees and retirees have
earned in pension benefits and
what has been saved to pay for
those benefits.



Kevin and Carole Chase: Not Just “Business As Usual”

Kevin and Carole Chase relied on hard work and great customer service to grow their specialty plastics business from a two-person shop to a \$165 million enterprise.

With business booming, the Chases realized they also needed a way to stay informed about legislation that could affect their company. For that service they turned to the Mackinac Center for Public Policy.

“We became members in 2008. We saw the Center as the think tank that could educate us on public policies and the issues,” Kevin Chase said. Through their company, the couple has supported the Center’s fiscal policy work, the Michigan Capitol Confidential news site and the Mackinac Center Legal Foundation.

The Chases are founders of Chase Plastic Services Inc., a leading North American distributor of specialty, engineering and commodity thermoplastics for applications in the automotive, medical, computer and hundreds of other industries.

Based in Clarkston, Chase Plastics is marking its 20th anniversary year in 2012 with record revenue and a workforce of 88 people, Kevin

Chase says. That’s a big increase from the days when he was the only salesperson, and he made deliveries from the trunk of his car.

“That’s what small business does — create jobs.”

Their company could create even more jobs if there were less government regulation, according to Chase. He credits the end of the Michigan Business Tax surcharge and later changes in Michigan’s corporate tax structure with creating eight to 10 jobs at Chase Plastics.

“We put those (tax savings) back into the organization through employment.”

Kevin Chase also works to advance free markets and limited government through the Independent Tea Party Patriots, recognized as one of Michigan’s most influential Tea Party organizations. That organization also has benefitted from the Mackinac Center’s educational material and guest speakers, said Chase, who helped found the ITTP and remains on its advisory board.

“Politics and government affairs affect you all the time as a business owner. You need to be aware.” **I**



Kevin and Carole Chase

Center Adds Two New Board Members

Since its founding, the Mackinac Center Board of Directors has made it a point to seek out members who have a keen understanding of the policy issues facing Michigan as well as the free-market solutions Center analysts and scholars have put forth over the past 25 years. Our two newest directors are no exception.

Former Michigan Supreme Court Chief Justice Cliff Taylor and charter public school entrepreneur J.C. Huizenga joined the board in May.

“The Mackinac Center is proud to add these two accomplished leaders to our governing board,” President Joseph G. Lehman said.

Taylor, a former Navy officer, served on the state Supreme Court from 1997 to 2008 and the Michigan Court of Appeals from 1992 to 1997.

“Cliff’s legal and judicial expertise will better enable us to defend the people against government overreach,” Lehman said.

Taylor said he looks forward to serving on the board and is excited about the potential of the Mackinac Center Legal Foundation.

“Having a public interest law firm at the Mackinac Center increases its effectiveness, and I will provide whatever insight and guidance I can when needed,” Taylor said.

Huizenga is founder and chairman of the National Heritage Academies, which he started in 1995. NHA operates more than 70 charter public schools in nine states. He also owns several manufacturing enterprises that employ more than 6,000 people.

“J.C. has a career-long commitment to one Mackinac Center core goal: educational freedom for all,” Lehman said.

Huizenga also founded PrepNet, a group of three college preparatory charter high schools in Michigan that educates more than 800 students.

“The Mackinac Center has been a faithful defender of the traditional founding values that have made this nation great,” Huizenga said. “I look forward to participating more actively in the future direction of such a dynamic organization.” **I**



Cliff Taylor



J.C. Huizenga

'How Blessed We Are'

A 20-Year Retrospective with the Center's Kendra Shrode

Kendra Shrode, the longest-serving member of our team, just celebrated her 20th year at the Mackinac Center. A former vice president of operations and a current assistant to President Joseph Lehman, Kendra recently discussed her time at the Center with Assistant Editor Lindsey Dodge. An edited transcript of that interview appears below.

MCPP: What initially attracted you to the Mackinac Center?

Kendra: Well, I was looking for a job, and the headhunter that Larry Reed was using was one my husband had used in his career. So that man had helped me with my resume when I graduated from school. And I was a late graduate. I finished my education after I was widowed, so I was almost 45 when I got my degree.

MCPP: Where did you get your degree?

Kendra: Saginaw Valley [State University].

MCPP: So you're from Michigan?

Kendra: No! My daughter says when she's asked that she's from the United States of America. I've lived in seven states.

MCPP: But you like The Detroit Tigers best, right?

Kendra: I like The Tigers best!

MCPP: Were there any other jobs along the way that piqued your interest? Why stick with the Mackinac Center for so long?

Kendra: Well, I've always been interested in any job I've had. I think that's part of being a good worker. I have a very strong work ethic.

But it's a lot different if you're selling a widget. [At the Center], you are making a difference for liberty. I mean, the passionate feeling at the end of the day or the end of an event is just — well, I used to be at a marketing firm that sold lawnmowers. Imagine me selling lawnmowers! ... I think I must have done a good job, but — it's a job.

MCPP: Whereas this is ...

Kendra: This is something much, much deeper. And I mean, I firmly believed in a lot of the things the Mackinac Center said, but I didn't exactly know why. And I didn't understand economics at all. I didn't

particularly care for it in school. ... I have learned more economics driving around this state in [Center President Emeritus] Larry Reed's car. He just pontificated — you know, why things work this way. You forget the supply-and-demand curve and all that stuff the textbook tells you, and you just really relate it to people. It's a whole different ballgame. Much more interesting — especially if you like people, and you know me well enough to know that I like people.

MCPP: So what was it like working for the Mackinac Center when it first started?

Kendra: Well, one funny thing is when I interviewed with [former Senior Vice President] Joe Overton. He offered me the job, and I told him I could not take it until I met Larry. I was the fourth employee, so you can imagine the dynamics with only four people. Our office space behind Pizza Sam's was the size of the dining room in our kitchen in this building. So we were pretty close together.

I was still traumatized by my loss, and I didn't think I could take a job that wasn't going to work. I wanted to really feel like this might be — you know, that I'd get five or six years out of it [laughs]. Anyway, I told you I really wanted to meet Larry. And it just so happened they were having a strategic planning meeting that weekend at Larry's house. And so I went out and walked away from that meeting very comfortable with their relationship with each other, and I said yes. And the rest is history.

MCPP: What came next?

Kendra: There were some tough times. Financially. I was never concerned about going under for myself, but I know I had a lot of sleepless nights worrying that the organization might not make it. So to go from there to having our own signature building, to having the reputation that we enjoy not only in this state, but on the national scene, as well as internationally, has been very, very special.

MCPP: Do you have any advice for younger kids getting into the liberty movement?

Kendra: Read, read, read, read, read. And I think, avail yourself of people like Larry Reed and Joe Lehman — people who have written so much and have such a strong understanding of policy and how it works.

And the other thing is travel, travel, travel. Because I firmly believe that the more you see of this world, [the more] you will be cognizant of how blessed we are, even though there are times that we're very concerned about where we're going. Just to go to these other cultures and see what they haven't had ... is a good awakening for those of us who have been very comfortable all of our lives.

We have had people from a lot of countries come to this building. I can remember two young men from Africa. I picked them up at the airport, and we went to — I can't even remember what restaurant it was — and you know the kind of servings that we have in America. ... These two young men — I mean, just the look on their faces when they looked down at this plate. There was probably enough food on that plate to have fed a family in their hometown. ... And that's what our freedom has given us: being able to live in this kind of environment.

MCPP: Part of what keeps us fighting.

Kendra: Yes. I



Kendra Shrode has served the cause of liberty at the Mackinac Center for 20 years.

FREE-MARKET FUNDAMENTALS

Energy Know-It-Alls

By Lawrence W. Reed

Growing up, I was taught that wisdom begins with understanding that no matter how much you may think you know, there's still an infinite amount of knowledge that you don't.

That truth had two big effects on me. One, it ignited a curiosity to learn more. Two, humility became a habit. I realized that all the knowledge I've gained — especially about the future — is still no bigger than a blade of grass on a football field.

Yet all around us are people who claim to know far more than I suspect they do. What's really disturbing is that many of these know-it-alls are so unreachably cocksure that they want to use the force of government to impose their dreams and schemes on the rest of us. Washington is full of people who are busy planning almost every aspect of our lives, no matter how well or how poorly they might be managing their own.

Energy is a case in point. An entire religion has arisen against fossil fuels and in favor of various "green" options. Its high priests tell us that we're running out of oil, that things like wind or solar or algae power are the way to go, and — here's the rub — subsidies, taxes and mandates are needed to get us there.

In the early 19th century, Americans used whale oil as their primary fuel for lighting. Prices rose as the demand for whale oil grew and the supply of whales declined (they were "common" property, not private, so everyone had an incentive to use them and no one had a particular reason to conserve

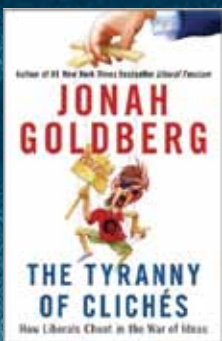
them). No bureaucrat predicted it in 1850 but within 25 years, we switched from whale oil to kerosene, derived from crude oil produced by a brand new industry. Supply and demand, prices acting as signals in a free marketplace, entrepreneurs taking risks to make a buck — all of that worked beautifully.

This is what happens when people are economically free. Computer chips, satellites and lasers replaced wires, transistors and vacuum tubes. Cars replaced mountains of horse manure in our city streets. Would we have to run out of trees before somebody would think to plant more without a government edict? What makes anyone think that regulators, control freaks and spendaholics know more about the future than do the real creators of wealth who actually have to solve problems or go out of business?

Maybe wind, solar, algae or something as yet undiscovered will prove superior to fossil fuels. I don't know. But how will anybody know unless we let all possibilities compete freely? I can think of no good reason to substitute the judgment of election-focused and often power-hungry government officials over the judgment of markets. **I**



(Lawrence W. Reed is president emeritus of the Mackinac Center for Public Policy and president of the Foundation for Economic Education in New York and Atlanta.)



Goldberg will discuss his newest book, "The Tyranny of Clichés: How Liberals Cheat in the War of Ideas."

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Center Media Highlights: Events, Press and YouTube

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media**



The Center held two separate events (a luncheon and an evening event). Featured guests included Gov. Snyder, Gov. Bob Wise, Mike Flanagan and other education leaders in Michigan. Videos of the events can be viewed at mackinac.org/16637.

The union front group calling itself “Protect Our Jobs” seeks to enshrine damaging collective bargaining privileges as rights in the Michigan Constitution. It has received scant critical attention in the media — that is, except from Mackinac Center analysts.

Paul Kersey, former director of labor policy, described the ballot initiative that would undo spending reforms achieved over the past year as “self-centered and reckless” in radio interviews including “The Frank Beckmann Show” on WJR AM760 and “The Vic McCarty Show” on WMKT AM1270 in Traverse City. Kersey also was cited on the matter by The Detroit News and Detroit Free Press. A Viewpoint commentary on the ploy by Senior Legal Analyst Patrick J. Wright and Senior Editor Thomas A. Shull appeared in the Detroit Legal News and the Dearborn Times-Herald.

“Protect Our Jobs” also put out a YouTube video including footage of President Joseph G. Lehman from our “Evening with the Mackinac Center” event last November, which featured Indiana Gov. Mitch Daniels and Gov. Rick Snyder. And what did Joe say that the group found so offensive?

“We advance free-market ideas unapologetically, because they are better for all people.”

Scary stuff, huh?

Michigan Capitol Confidential continues to draw national media attention as it exposes the folly of corporate welfare and immoderate central planning. It reported in early April on a video it had uncovered that showed President Obama, Sen. Carl Levin and Sen. Debbie Stabenow all praising electric car battery maker A123. CapCon earlier had reported that the west Michigan company, which received some \$390 million in subsidies, laid off 125 workers after giving its top executives large raises. The Washington Times and National Review both cited CapCon’s coverage of the issue.

CapCon again drew national attention, this time from Instapundit, Hot Air, Townhall, Reason and The Washington Times, for a story about a Michigan teacher who said she was upset that she could not retire at age 47 with full benefits.

Senior Economist David Littmann and Kersey appeared on Fox Business News and CNBC, respectively, to discuss the financial and labor problems plaguing the city of Detroit.

As the previous issue of Impact detailed, the Center and CapCon were at the forefront

in covering and analyzing Indiana’s successful campaign to become the nation’s 23rd right-to-work state. As if on cue, union lawsuits began flowing to combat the Hoosier State’s newfound employee freedom. One lawsuit in particular claimed that a right-to-work law where union employees would be “forced” to work alongside non-union employees was akin to slavery. Mackinac Center Legal Foundation Director Patrick Wright was cited in the Daily Caller, and said on Beckmann’s show that these claims “expand the definition of chutzpah.”

Kersey was cited on the possibility of a right-to-work law in Michigan by The Saginaw News, WEMU public radio and Investor’s Business Daily, telling the latter that union bosses object to the matter because they don’t want to be held accountable to rank-and-file members who would voluntarily join a union under right-to-work protections.

A Viewpoint by Michael LaFaive, director of the Morey Fiscal Policy Initiative, about Michigan’s laws giving beer and wine distributors a wholesale monopoly proved very popular, appearing in The Saginaw News, the Bay City Times, the Grand Rapids Press, The Flint Journal, the Jackson Citizen Patriot, the Sterling Heights Source and the Shelby Township Advisor.

James Hohman, assistant director of fiscal policy, laid out the reasons and steps for reforming the school employee pension system, including radio interviews with stations in Lansing, Ann Arbor and Traverse City; an Op-Ed in the Detroit Free Press and Dearborn Times-Herald and a citation in The Detroit News.

In late May, the Center hosted Gov. Rick Snyder and former West Virginia Gov. Bob Wise at a luncheon where they discussed the benefits of virtual learning. Gov. Wise, a Democrat who also served in Congress, was the keynote speaker at an evening discussion the same day that also featured State Superintendent of Public Instruction Mike Flanagan and Oxford Community Schools Superintendent William Skilling. The Grand Rapids Press, MIRS News, Gongwer News Service and the Midland Daily News included coverage of the events. You can watch them at www.mackinac.org/virtual. **I**



The Buzz About Alcohol Reform

Do laws restricting alcohol markets serve the public good?

A new Mackinac Center study addresses the popular misconception that greater access to alcohol leads to more alcohol-related problems, including traffic accidents and health problems.

The study, “Alcohol Control Reform and Public Health and Safety,” was co-authored by Michael D. LaFaive, director of fiscal policy at the Mackinac Center and Antony Davies, adjunct professor at Duquesne University. It addresses a neglected but significant remnant of Prohibition: the legacy of alcohol regulations and the “public safety” argument. Unique to the policy literature on this topic, LaFaive and Davies measured legislative effectiveness through alcohol-attributable deaths as well as binge-drinking and traffic fatalities.

“This is the best and broadest measure of alcohol-related harms,” explains LaFaive. He says the study was prompted by “ruminations from well-intentioned but misguided opponents of alcohol deregulation.”

With original analyses, as well as borrowing from academic research by economists Donald J. Boudreaux and Julia Williams and the University of Michigan, the study finds that there is no statistically significant relationship

between heavy alcohol controls and alcohol-attributable deaths —and it is frequently an inverse relationship.

LaFaive has given several speeches on the topic, and the Mackinac Center has released Viewpoints advocating reduced alcohol regulation since July of 2011. LaFaive’s most recent commentary, “Time to Scotch Michigan’s Wholesale Alcohol Monopolies,” was reprinted widely, appearing in MLive.com, the Detroit Legal News, the Saginaw News, the Bay City Times, The Flint Journal, the Jackson Citizen Patriot and the Grand Rapids Press. Through his analysis and this study, it is clear that the Mackinac Center’s efforts to highlight this issue are having an impact and leading reporters to seek out the Center for comment.

This study was released prior to Gov. Rick Snyder’s recommendations to the 21-member advisory committee, formed last year by the Office of Regulatory Reform/Reinvention. The Mackinac Center also submitted 15 recommendations to the committee last year, and anticipates that several of those ideas will be included in the governor’s list.

“I believe it will impact the debate in a strong way,” says LaFaive. “This is a very original, Michigan-centric contribution to the discussion.” **I**



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