

## Senior Investigative Reporter Anne Schieber: Tales From a Hot Dog Cart

It's unpredictable what sets off a firestorm. I am referring, of course, to the case of 13-year-old Nathan Duszynski, who wanted to help his struggling family by running a hot dog cart in downtown Holland. Nathan's fledgling business was shut down within minutes of opening by a city zoning officer. Patrick Wright, director of the Mackinac Center Legal Foundation, spotted the story online from the Holland Sentinel. "Hurry before your old station beats you to it," he alerted me.

It was indeed a powerful story, and I figured that at the very least, we could earn Nathan some more local news.

I thought I would have been the

sixth or seventh to call. I was the first. The media was missing this or simply not recognizing how outrageous it truly was. Nathan's mother, Lynette Johnson, answered the phone and began reiterating his story, with an additional bombshell. She and Nathan's stepfather were hoping Nathan's business could turn into a family operation so that they could get off government assistance. It was an ideal setup for disabled parents having a difficult time keeping normal working hours.

I found Nathan at his hot dog cart with a "for sale" sign. He greeted me

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## School Pension Reform: Leaving a Legacy, Not a Burden

In 1996, Gov. John Engler made a bold move. In a lame duck session, he tried to close all the state government's defined-benefit pension systems.

While he was not able to get all that he wanted, Michigan became the first state government to close some of its pension systems and instead offer new employees a defined-contribution retirement system. While this was an achievement in the '90s, one of Michigan's largest financial drains continues to be the largest system that remained open: the Michigan Public School Employees' Retirement System.

Since that legislative discussion and implementation in 1996 and 1997, this retirement system has incurred a \$22.4 billion unfunded liability for the state. The costs to catch up on this underfunding weigh constantly on struggling legislators, who try to find ways to lower the pension

system's price tag without crossing collective bargaining demands.

We showed in a 2010 study that these benefits were financially exhausting, but also that they were profoundly unique when compared to

other Michigan residents. We benchmarked to 24 major Michigan private-sector employers and found that few offered benefits as generous as what was available to school employees.

These studies went largely unanswered, until a new governor and Michigan legislature were curious about closing the pension system. We answered with a study

showing that the Engler reforms had saved the state from racking up \$2.3 billion to \$4.3 billion in unfunded liabilities.

see "Leaving A Legacy" Page 5



Earlier this year, we published "MPERS and MSERS: Three Pension Policy Briefs," a collection of studies about the state government's major pension systems. The compilation is available at [www.mackinac.org/17128](http://www.mackinac.org/17128).

**"Michigan needs a 'liberal, progressive think tank' to combat the Mackinac Center."**

— Bruce Fealk of *Michigan Rising* on The Frank Beckmann Show

## A QUICK REFERENCE GUIDE TO MICHIGAN'S BALLOT PROPOSALS

### Proposal 1:

Referendum on the Emergency Manager Law  
Referendum on a 2011 state law that expanded the authority of state-appointed emergency managers in fiscally failing school districts and local governments. The expanded powers include invalidating government union labor agreement provisions.

### Proposal 2:

The 'Collective Bargaining' Amendment

This proposal would enshrine union collective bargaining power in the Michigan Constitution. It would allow government unions to overrule a multitude of laws at the bargaining table — laws that were passed by elected representatives.

### Proposal 3:

'25 x 25' Renewable Energy Standard

This proposal would mandate in the state constitution that 25 percent of Michigan's energy come from renewable sources — such as wind, solar and biomass — by 2025. The accompanying increased cost to renewable energy will make it even less competitive with traditional energy sources.

### Proposal 4:

The Unionization of Home-Based Caregivers

This proposal would allow a continuation of the statewide unionization of people who care for disabled adults in their own homes. The majority of these home-based caregivers are caring for family members. The Legislature has already enacted two laws — 2012 PA 45 and 2012 PA 76 — in an effort to end this illegal unionization.

### Proposal 5:

The Two-Thirds Majority Tax Limitation

This proposal would require a two-thirds majority of the Michigan House and the Michigan Senate for a state tax to be imposed, increased or broadened. Existing tax limitations in the Michigan Constitution would remain unaffected.

Michigan voters will face a multitude of ballot proposals when they go to the polls this November.

Several proposals involve special constituencies, particularly public-sector unions.

The "collective bargaining" amendment, for example, would allow unions

unprecedented power over legislators. Another measure would provide constitutional protection

for the unionization of home-based caregivers who receive Medicaid payments.

Join the conversation on Facebook and Twitter!

The Mackinac Center has created a Facebook page called MIBallot2012 where you can debate, discuss and review the facts regarding the upcoming ballot proposals. Go to [www.facebook.com/MIBallot2012](http://www.facebook.com/MIBallot2012) for more information. Join the conversation on Twitter with #MIBallot2012 or follow our lead at @MackinacCenter.

To access our full range of information on these proposals, visit the Mackinac Center's homepage for all ballot-related information at [www.MIBallot2012.org](http://www.MIBallot2012.org).

# Will the Union Power-Play Backfire?



Joseph G. Lehman  
President

It's said that the martial art of Judo involves using an opponent's strength and weight against him. Michigan unions used their formidable organizational and financial might to place three proposals on the November ballot, launching a conversation about organized labor's place in Michigan. That conversation may continue long after Election Day – and may very well backfire on these behemoths of organized labor.

Here's how it happened. By bankrolling Proposals 1, 2 and 4, the unions instigated a massive public debate on the merits of unionized government. These campaigns guaranteed tens of millions of dollars would be spent by both sides to get voters to think about the cost and quality of unionized schools and state and local government.

Prop 1 gives unions a chance to kill the emergency manager law, through which union contracts can be set aside to bolster fiscally distressed schools and municipalities. Unions want a "no" vote on 1.

Prop 4 is a direct response to the Mackinac Center's exposure of the SEIU's indefensible skimming of \$32 million (and counting) from home-based caregivers of Medicaid recipients. Prop 4 carves their scheme into the constitution and unions want a "yes" vote on 4. (By the way, they can use most of their ill-gotten \$32 million for their campaigns.)

Prop 2 is by far the most important of any that will appear on the ballot. This constitutional amendment completely alters Michigan's power structure by giving government union contracts the ability to override legislation, past, present and future. It also would make a right-to-work law impossible.

It's not feasible to estimate the whole cost of putting unions in charge, but we are certain it is a minimum of \$1.6 billion annually. Unions want a "yes" vote on 2.

Unions opposed sweeping reforms last year in Ohio and Wisconsin. They swiftly reversed the Ohio results, but voters rebuked unions soundly in Wisconsin by retaining Gov. Scott Walker. Meanwhile, Michigan lawmakers enacted roughly 2/3 of the Wisconsin-style reforms and the state's economy has started to turn around.

Prop 2 is the unions' attempt to reverse Michigan's reforms like they did in Ohio, and simultaneously "Wisconsin-proof" the rest of the country. If Prop 2 wins here, unions will roll it into every state they can. That makes Prop 2 the most important election in the country except for the Presidential.

But unions can't necessarily control the fire they've ignited. By threatening to trump the Legislature with Prop 2, they've done more than just rouse opposition to that amendment. They've awakened a sleeping giant that may not rest until taxpayers and workers are put ahead of union privileges in Michigan.

We've been working on the role of unions for 25 years. Formerly quiet supporters of worker freedom and taxpayer advocates are becoming outspoken. Lawmakers are recalculating their positions. Michigan now borders a right-to-work state. Depending on the election outcome, the time will be ripe for a full-blown debate over union privileges in Michigan, and Prop 2 will be the reason why.

You heard it here first. I

*Joseph G. Lehman*

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# An Evening with the MACKINAC CENTER

Several hundred Mackinac Center supporters across Michigan were entertained and enthused by two bestselling authors in June and July.

Arthur Brooks, president of the American Enterprise Institute, spoke about his new book, *"The Road to Freedom: How to Win the Fight for Free Enterprise,"* June 12 in Grand Rapids and June 20 in Birmingham. The two talks drew a combined 350 people. More than 160 people were in Traverse City to hear syndicated columnist and National Review Online Editor Jonah Goldberg discuss his latest work, *"The Tyranny of Clichés: How Liberals Cheat in the War of Ideas."*

In his talks, Brooks stressed the need for conservatives to make the moral case in support of free markets.

"You've got 10 seconds for people to figure out what you're about," he said. "You have to explain to people who disagree with you that you care about the same things and then examine what really works."

Brooks said supporters of free enterprise are always ready and willing to back up their points with data, but that makes it too easy for those left-of-center to say we only care about money.

"We have all the facts, but that's not the way we're going to win souls," he said.

Brooks noted that recent public opinion polls point to an alarming set of trends. Some 70 percent of Americans believe the free market is the best economic system, and roughly the same number of people believe government is too big. But that hasn't translated into a similar rejection of the country turning into what Brooks called a "European-style social democracy."

Brooks noted that in 1938, when AEI was founded, government consumed 15 percent of GDP. Today it's 36 percent, and estimates say it will be 50 percent by 2038.

"Take me back to the good old days," he joked.

Goldberg had a similar message for his audience, albeit delivered with a more acerbic wit.

"Liberals like to say that violence never solved anything," he noted. "Actually it solves all kinds of problems, especially violent problems."

As with all of the examples in his book, Goldberg said the one above is used so that liberals can gain the "moral high ground" as a way to rig an argument before having the argument.

"The point is, everyone is

ideological," he said. "But at least conservatives and libertarians are honest about it. When liberals lie about it, it manifests itself in the way these clichés show."

Goldberg explained that liberals try to paint themselves as "fact finders" who believe they are above political motivation. As an example, he pointed to a World Health Organization study that said the U.S. has the 37th best health care system in the world. But two-thirds of the score was based on "financial fairness," rather than health outcomes.

"Redistribution of wealth is a fine standard for liberals," he laughed. "And it's in a binder. It has to be true. It's in a binder. But if financial fairness is what you judge things by, then some community college must be the best university in the country."

Goldberg noted that there is nothing wrong with being ideological. It's simply a checklist of priorities that people apply to many parts of their lives when making decisions.

"We're all dedicated to causes," Goldberg said in closing. "Our families, our jobs, our churches and synagogues. Just don't be defined by government. Government can't give you meaning." **I**



Left to right: Arthur Brooks, president of the American Enterprise Institute, speaks at the DeVos Place in Grand Rapids; Guests enjoy the meal at the Townsend Hotel in Birmingham; Author Jonah Goldberg entertains the audience at the Grand Traverse Resort & Spa in Traverse City.



**TALES FROM A HOT DOG CART** from Page One

and then went fast to work. A potential customer arrived, interested in buying Nathan's cart. It was an odd scene.

Nathan acted every bit the seasoned sales professional with a customer nearly triple his age. Moments into his sales pitch, Nathan extended his hand,

"I'm Nathan by the way," he said. The man asked if I was his mother and was taken aback when I said I was not.

"You have your own business, man? Wow, that's good, real good. Keep up the good work," he said. He assured Nathan he'd be back.

Nathan then had a few moments to answer some questions on camera. He described how he got the entrepreneurial bug when he sold hot dogs during Holland's Tulip Time festival. He told me how he had saved money and shopped for a cart. He told me how he made his first business deal with the owner of a local sporting goods store. Owner Ken Vos offered him a visible location in his parking lot for a percentage of the sales. In addition, Vos would pay commissions if Nathan could sell or rent his motorized bicycles.

Nate's mother and stepfather arrived and described how they were helping Nathan with the things a minor can't necessarily do. They created a family business so Nathan could have the freedom to work without child labor restrictions. They helped him research and acquire the necessary permits. The family managed to pull together enough cash for the initial investment of several thousand dollars.

What happened between then and Nathan's first day of business is murky, but it is clear there was a miscommunication. The city failed to inform Nathan that his cart would be in a C-3 Commercial Zone, prohibited from selling food unless it was part of an established brick-and-mortar restaurant within that zone. Nathan's cart was within feet of the edge of that zone, which made the closing appear even more arbitrary.

All of this seemed at odds with the city of Holland, which was the birthplace of many successful businesses and had the support of well-known and successful entrepreneurs. Its downtown has more retail shops than nearby communities double its size. City administrators and the mayor made themselves available to explain the zoning policy. They explained the ordinance was created to protect restaurants and businesses that helped maintain the success of the downtown area by paying additional assessments for public parking and heated sidewalks. It would not be fair to allow a business that did not have to pay the high property tax in that district or follow its strict zoning code.

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**Nathan on the Mackinac Center: "You were the most involved."**

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Although not an uncommon line of reasoning, this would be a tough sell once it reached a larger audience. Holland is no different than thousands of other cities in the use of restrictive, anti-competitive ordinances. What made this one different was that now "competition" had a face – an enterprising teen wanting to save money for college, a car and his disabled parents.

We produced a four-minute video telling Nathan's story. We posted it to our website on a Thursday in late July. By noon on Friday, the video received more than 30,000 views, nearly as much as our top-viewed video, which has been posted for several years. This did not happen by dumb luck. Our social media mavens, Jarrett Skorup and Lindsey Dodge, immediately went to work informing big Internet guns, State Policy Network analysts, Drudge, Reason, Hot Air and The Detroit News. That led to coverage from Fox, CNN and the Huffington Post. Within several days, views were approaching 100,000. As one media report put it, "It's kind of turned into an octopus. It's no longer just about a hot dog cart.

It is hard to say what makes a video

"viral." Viral is a relative term. Some videos get views in the millions. Most are lucky to get several thousand. I would like to think it was my investigative prowess and unparalleled production skills but I know better. There are videos that can take far more effort and get no traction. Sure there was an element of luck and timing. It is an election year. Free enterprise is getting more attention thanks to people like American Enterprise Institute's Arthur Brooks and his new book, "The Road to Freedom." There was also that comment by President Obama that so offended many Americans, "If you got a business, you didn't build that," suggesting business succeeds only with the help of government regulation and infrastructure. There was, however, more to it than timing.

It took the foresight of a free-market think tank with the resources to delve into the issue rather than just comment on it. Traditional media did not recognize this story for its potential. Because the Mackinac Center realized the story's potential and because it has the resources now to act like any other news organization, we captured the story when there were pictures. Nathan sold his cart within hours and after that there were no pictures. Without pictures, there can be no video, or at least not one that would interest outlets with huge reach.

Several weeks after the firestorm, the city of Holland found a loophole to allow Nathan to operate his cart on the sidewalk near his original location. The Mackinac Center believes ordinances such as the one restricting Nathan hinder young entrepreneurs entering the labor market. Holland Mayor Kurt Dykstra does not disagree. He wanted Nathan to be able to make money before the summer ended, but to change an ordinance could take months. He also states that the city is now open to the larger question of allowing food truck vendors to operate in the downtown area.

Moving city hall can feel like moving a mountain, but it can be done with a tiny Canon camera and by an organization committed to using its influence on behalf of those who have none. **I**



The 2012 budget included a call for a workgroup to study reforming the pension system and members' concerns that converting to a defined-contribution retirement system would result in large "transition costs." The Mackinac Center published a study in 2012 showing what these "transition costs" really meant, and also offering five ways to address them.

The Michigan Senate voted to close the defined-benefit pension system in May, but the house rejected that change in June.

As the debate went on, Michigan Capitol Confidential rebutted the objections made by pension system defenders. Unfortunately, the Senate caved in August. Now, the debate once more returns to an unwelcome reality: Michigan's public school employees enjoy unprecedented state-wide benefits, and the state lacks any means to continue supporting this system, to the detriment of these employees and all taxpayers. **I**

## TIMELINE OF THE PENSION REFORM MOVEMENT

### **December 1996:**

Gov. Engler closes state employee retirement system to new members, the first transition to a defined-contribution system in the country.

### **2007:**

Michigan policymakers opportunistacally increase the reported actuarial value of the state's pension assets, allowing them to contribute less money to the pension plan in the following year.

### **December 2007:**

The national recession begins, substantially decreasing the market value of the state's assets and causing even larger gaps between pension assets and liabilities.

### **Summer 2010:**

The Michigan Legislature lowers retiree health and pension benefits and requires greater employee contributions, but also provides an early retirement incentive that increases the system's unfunded liabilities.

### **Fall 2010:**

The Mackinac Center releases a study, titled "Michigan's Public-Employee Retirement Benefits: Benchmarking and Managing Benefits and Costs," that shows Michigan's pension systems are far more generous in their benefits than what exists in the private sector.

### **June 2011:**

Michigan passes a budget including a call for a study on how to spend \$133 million reforming the Michigan Public School Employees' Retirement System.

### **March 2012:**

The Mackinac Center shows how the state can address the alleged "transition costs" of converting to a defined-contribution system in a study, titled "Five Options for Addressing 'Transition Costs' When Closing the MPSERS Pension Plan."

### **May 2012:**

Michigan Senate votes to close the pension system, among other reforms.

### **June 2012:**

Michigan House votes to keep the pension system open, among other reforms.

### **August 2012:**

Michigan Senate concurs with house; commissions a study to compare defined-benefit and defined-contribution systems that will be completed in November.

# Media Gives Mackinac Center **A+** on New High School Report Card

The Mackinac Center has made a name for itself by providing transparency to public schools, particularly in regards to fiscal operations. Recently, the Center took a step toward tackling socioeconomic factors in public education. Its efforts produced “The Michigan Public High School Context and Performance Report Card.” This report card is the first-of-its-kind to account for differing poverty levels among high schools that impact their performance on standardized tests.

Most people agree that socioeconomic factors affect how well students perform on standardized test, but no one had been willing to actually account for this fact when measuring school performance — until now.

The Mackinac Center’s new “CAP” report card uses the number of students in a high school who qualify for a free or reduced-price lunch based on their household income as proxy for a school’s poverty level. With regression analysis, we could produce an average test score prediction for each high school given its poverty level. Schools were then compared based on how far their actual scores were above or below these predictions and assigned a corresponding “CAP Score.” Schools were also assigned a letter grade based on this CAP Score to create an easily understood metric for the public to use when comparing high schools.

Several findings from the report card may surprise people. For instance, suburban schools are often considered to be the best types of schools, but this isn’t always the case when taking into account socioeconomic status. The average CAP Score for high schools in towns and rural areas was higher than the average for suburban high schools. High schools located in cities had the lowest average CAP Scores among these groups, but the 69 high schools located in midsize and small cities averaged better CAP Scores than their suburban counterparts.

The reception of the high school report card has been nothing less than stellar. Many school officials have praised it publicly. For instance, John Helmholdt, a spokesperson for Grand Rapids Public Schools, told The Grand Rapids Press, “In the era of

federally prescribed, one-size-fits-all standards and measurements, the Mackinac Center’s first of its kind report is very much welcomed and appreciated.” The district also cites the report card on its home page.

A number of other district superintendents told Michael Van Beek, the Center’s director of education policy and one of the authors of the study, that the

report card was superior to any of the assessments produced by the Michigan Department of Education.

The CAP report card was also a big hit with the media. Reporters may have enjoyed some of its surprising findings or perhaps appreciated an easy-to-understand methodology. Either way, the report card was cited in more than 20 different news stories in papers all across the state, from Holland to the Thumb.

Some school districts are really trying to cash in on the high marks their high schools got on the Center’s new report card. Both the North Huron and Grand Rapids school districts have discussed putting up billboards touting the study’s findings in an attempt to attract more students. Both of these districts, although vastly different (one’s small and rural and the other large and urban), are finally getting positive recognition for the performance of their high schools.

These responses from the media and school officials are encouraging. They might be signaling that the public is hungry (or at least the media thinks it is) for good comparative information about school performance, and that schools, which once enjoyed strict monopolistic privilege over providing educational services to parents based on ZIP codes, are more fully embracing the need to compete with other schools to provide parents with the very best they can offer.

The success of this high school report card will spin off further forthcoming projects. We plan to release a similar report card that analyzes elementary and middle school performance soon, and plan to update both of these studies annually so parents and taxpayers will have the latest information about school performance available to them.

We also plan to actively use the results of the report card to help improve the performance of all of Michigan’s public schools. Since we controlled for socioeconomic factors, the schools with high marks on our report card must be doing a lot of things right, and we plan to find out what those things are. We’ll visit some of these schools and produce mini-documentaries of their success stories. We’ll then share these stories with other schools, hoping that they will be able to replicate some of the highest-performing practices. If they can, parents and students should find better schools available to them.

Measuring school performance is not easy, but the Michigan High School Context and Performance Report Card is one of the best tools available to compare schools to one another. For the Mackinac Center, this is just another free public service we’re happy to provide to Michigan parents, students and taxpayers. **I**





# TOP TEN

As a part of the High School Report Card project, the Center published a series of graphics online that summarized the report card's findings.

## Top Ten Conventional High Schools

- North Huron School**  
North Huron / Conventional A 123.3
- Baldwin Sr High School**  
Baldwin / Conventional A 117.9
- Lee High School**  
Godfrey-Lee / Conventional A 116.7
- Mio AuSable High School**  
Mio AuSable / Conventional A 116.3
- Jeffers High School**  
Adams Township / Conventional A 115.8
- Covert High School**  
Covert / Conventional A 115.3
- Kelloggsville High School**  
Kelloggsville / Conventional A 114.8
- Calumet High School**  
Calumet / Conventional A 114.2
- Holland High School**  
Holland / Conventional A 114.1
- Benzie Central Sr High School**  
Benzie County Central / Conventional A 113.9

## Top Ten Charter High Schools

- Star International Academy**  
Dearborn Heights / Charter A 140.8
- Cesar Chavez High School**  
Detroit / Charter A 135.4
- Universal Academy**  
Detroit / Charter A 133.8
- Excel Charter Academy-Grand River Prep School**  
Kentwood / Charter A 123.3
- International Academy of Flint**  
Flint / Charter A 120.2
- Riverside Academy-West Campus**  
Dearborn / Charter A 118.0
- West Michigan Academy of Environmental Science**  
Grand Rapids / Charter A 109.4
- Crossroads Charter Academy**  
Big Rapids / Charter B 108.7
- Pontiac Academy for Excellence High School**  
Pontiac / Charter B 108.3
- Frontier International Academy**  
Hamtramck / Charter B 107.4

## Top Ten Rural High Schools

- North Huron School**  
North Huron / Conventional A 123.3
- Baldwin Sr High School**  
Baldwin / Conventional A 117.9
- Mio AuSable High School**  
Mio AuSable / Conventional A 116.3
- Jeffers High School**  
Adams Township / Conventional A 115.8
- Covert High School**  
Covert / Conventional A 115.3
- Benzie Central Sr High School**  
Benzie County Central / Conventional A 113.9
- Fairview High School**  
Fairview / Conventional A 113.8
- Okemos High School**  
Okemos / Conventional A 113.6
- Lawton High School**  
Lawton / Conventional A 113.0
- Bloomington Middle and High School**  
Bloomington / Conventional A 113.0

## Top Ten Suburban High Schools

- Star International Academy**  
Dearborn Heights / Charter A 140.8
- International Academy**  
Bloomfield Hills / Selective A 127.2
- Excel Charter Academy-Grand River Prep School**  
Kentwood / Charter A 123.3
- Henry Ford Early College**  
Dearborn / Selective A 111.3
- West Michigan Academy of Environmental Science**  
Grand Rapids / Charter A 109.4
- North Muskegon High School**  
North Muskegon / Conventional A 109.2
- Comstock High School**  
Comstock / Conventional A 109.0
- Grand Haven High School**  
Grand Haven / Conventional A 108.9
- Bendle High School**  
Bendle / Conventional B 108.6
- Skyline High School**  
Ann Arbor / Conventional B 108.5

## Top Ten Town High Schools

- Calumet High School**  
Calumet / Conventional A 114.2
- H.H. Dow High School**  
Midland / Conventional A 111.7
- Watervliet Sr High School**  
Watervliet / Conventional A 110.7
- South Haven High School**  
South Haven / Conventional A 109.8
- Ishpeming High School**  
Ishpeming / Conventional A 109.1
- Crossroads Charter Academy**  
Big Rapids / Charter B 108.7
- Midland High School**  
Midland / Conventional B 108.6
- West Iron County High School**  
West Iron County / Conventional B 107.6
- Central High School**  
Traverse City / Conventional B 107.0
- Union High School**  
Dowagiac Union / Conventional B 106.7

## Top Ten City High Schools

- Cesar Chavez High School**  
Detroit / Charter A 135.4
- Universal Academy**  
Detroit / Charter A 133.8
- City Middle/High School**  
Grand Rapids / Selective A 130.5
- International Academy of Flint**  
Flint / Charter A 120.2
- Genesee Early College**  
Flint / Selective A 120.0
- Saginaw Arts and Sciences Academy**  
Saginaw / Selective A 119.7
- Riverside Academy-West Campus**  
Dearborn / Charter A 118.0
- Lee High School**  
Godfrey-Lee / Conventional A 116.7
- Renaissance High School**  
Detroit / Selective A 115.7
- Kelloggsville High School**  
Kelloggsville / Conventional A 114.8



## Stephenie Jacobson: A Grassroots Patriot

**I**t worries Stephenie Jacobson to think that America may not hold as much opportunity for her children as it did for her.

“Every generation of my family has improved things for their children through hard work,” Jacobson said. She wants to do the same for her four sons, and in her case that hard work includes being an active, informed voter.

A resident of Cheboygan, where she and her husband are small-business owners, Jacobson is the founder of the Cheboygan Tea Party Patriots. She is also a Mackinac Center member, and credits the Center with providing her organization the resources it needs to keep abreast of policy issues and track legislators’ activity.

Life has changed for Jacobson since the days when she voted for politicians based on friends’ recommendations that “this or that candidate was a nice person.”

“The turning point for me in particular was Obamacare,” she said, and her discovery that elected officials may say one thing, but vote differently.

“I made a commitment that I would never be an uninformed voter again,” Jacobson said. “If we don’t roll back government, our children are

going to be faced with massive debt and the loss of personal liberty.”

In particular, Jacobson said she and her fellow Patriots keep tabs on elected officials through MichiganVotes.org, the Center’s online legislative database, and rely on Michigan Capitol Confidential, the Center’s online news service, for free-market news and analysis.

“The discipline to keep the focus at a level where some genuine impact can be achieved — that usually means the local or state level — is a big part of what separates reformers who make things happen from those who just yell at their TV screen. Stephenie has shown that discipline,” said Jack McHugh, Mackinac Center senior legislative analyst.

Jacobson maintains her own news site at Cheboyganconfidential.com, where she reports on — and often questions — local government activity and spending.

“Nobody is asking these questions. Capitol Confidential has taught me to question everything about how our money is being spent,” she said. “Our children are going to bear the brunt of our inaction. That’s what motivates me every day to press on.” **I**



Stephenie Jacobson

## The Sweet Reward

**P**erhaps you’ve heard of the Stanford Marshmallow Experiment of the early 1970s. It is a hallmark in behavioral psychology circles, and offered valuable insight into the study of delayed gratification.

Here’s how it worked: 4-year-old children were taken one at a time into a room and given a single marshmallow. They were told they could eat the marshmallow immediately or, if they resisted the temptation for 15 minutes, they could have two marshmallows.

About one-third of the children ate the marshmallow at once, while another third deferred dessert long enough to obtain a second marshmallow. What made the experiment famous was researcher Walter Mischel’s finding from 1990 — that children who delayed eating the marshmallow scored significantly higher on SAT tests as 18-year-olds.

Psychologists describe these more successful children as having improved impulse control. In other words, even at a young age they saw the value of being in it for the long haul.

Here at the Mackinac Center, we’re in it for the long haul, too.

Even when we have short-term impact — as we often do through our research studies, news reports or legislative testimony — it’s part of our long-term commitment to help Michigan and its residents fully realize the benefits of free enterprise, individual liberty, limited government and respect for private property.

When supporters like you join the Mackinac Center, you help advance ideas for the long haul — ideas that have enormous impact on improving people’s daily lives.

Of course, some of our work looks different today than it did a decade ago. Today we reach more people by email and on Facebook, Twitter and YouTube. We now sponsor a daily news operation, Michigan Capitol Confidential, at MichCapCon.com. We launched a public interest law firm, the Mackinac Center Legal Foundation.

But wherever you find us, you find the same long-term focus on America’s founding principles. It takes discipline, but the rewards are twice as sweet. **I**



Lorie Shane



# FREEDOM FIGHTERS

## The Center Welcomes New Comrades-in-Arms



**Michael Reitz** joins the Mackinac Center as executive vice president with years of experience advocating for free-market reforms. Reitz served as general counsel and labor policy director of the Freedom Foundation, a prominent think tank in Olympia, Wash.

Reitz established the Freedom Foundation's Theodore L. Stiles Center for Liberty, where he litigated for accurate elections, defended the First Amendment rights of individuals, fought against governmental abuses of power and wrote extensively on constitutional law. Reitz championed a number of reforms to modify public-sector collective bargaining and to protect workers from coercive union monopolies.

An advocate of accountable government, Reitz worked to promote transparency in state and local government, serving on the board of the Washington Coalition for Open Government. He frequently challenged public officials who violated the state's open government laws.

"It's a great privilege to join the Mackinac Center," Reitz said. "The Center has a national reputation of not only conducting rigorous, credible research, but also communicating its recommendations persuasively and effectively."



**Derk Wilcox**, a lifelong resident of the Ann Arbor area, joined the Mackinac Center Legal Foundation in July as senior attorney. He attended the University of Michigan as an undergraduate and received a master's degree in economics from the University of Detroit-Mercy. Derk was an economist and researcher before attending the Ave Maria School of Law and becoming an attorney.

As an attorney he represented various corporate clients as well as individuals. In 2012 he was named Ann Arbor's "Best Family Law Attorney" by the readers of Ann Arbor Family magazine.

With the Mackinac Center, Derk is working to challenge the laws that impose excessive government control over the lives of Michigan's residents.



**Dan Armstrong** brings 10 years of professional television broadcasting experience to the Mackinac Center. Prior to joining the MCPP video team in June as an investigative analyst, Dan anchored and reported for an NBC news station covering the Great Lakes Bay region.

Dan is a Michigan native and has spent his entire life in the Great Lake State. At an early age, he developed an entrepreneurial and capital spirit by charging his siblings to play his video game system. In college, he made extra money by selling root beer floats out of his dorm room. He has owned and sold a landscaping company and real estate.

Armstrong plans to expand the Mackinac Center's reach by developing informative, entertaining and compelling videos, and his work can already be viewed on YouTube and at [www.mackinac.org/media.aspx](http://www.mackinac.org/media.aspx).



**F. Vincent Vernuccio** (Vinnie) is the new director of labor policy at the Mackinac Center. He was previously the labor policy counsel at the Competitive Enterprise Institute in Washington, D.C. Vinnie also served as special assistant to the assistant secretary of administration and management in the Department of Labor under President George W. Bush.

He has been published in national newspapers and magazines and is a frequent guest on Fox News and Fox Business.

Before moving to Washington, Vinnie, a native of New York City, graduated from the Ave Maria School of Labor in Ann Arbor. After starting at the Center, Vinnie remarked "if feels good to be home!"

Vinnie is leading the effort to educate voters about the myriad of ballot proposals on the November ballot.



**Audrey Spalding** is an education policy analyst at the Mackinac Center for Public Policy. Before starting at the Center, Spalding worked as a policy analyst at the St. Louis-based Show-Me Institute, where she helped stop the creation of \$480 million in tax credits.

Spalding also worked as an education reporter in Columbia, Mo., and was a co-recipient of the Missouri Press Association's Community Service Award for her efforts to highlight school district expenditures.

In 2007, Spalding taught English in Changzhou, China, while studying Chinese. Her conversations with her employer's mother – who lived through Chairman Mao's "Great Leap Forward," convinced Spalding of the importance of economic freedom.

While at the Center, Spalding hopes to expand educational choice, stanch the spread of government land banks and explore Michigan's many bike trails.



### The Attitude of Gratitude By Lawrence W. Reed

Oodles of “self help” books are on the market these days, all aimed at inspiring people to enhance their attitudes or work habits or personal character. There’s a lot of interest in at least reading about self-improvement, even if we don’t actually do it.

I recently picked up a cheap, second-hand copy of a 2008 paperback by Dr. Robert A. Emmons titled “Thanks! How Practicing Gratitude Can Make You Happier.” Emmons is a professor at the University of California-Davis and editor-in-chief of the Journal of Positive Psychology. I thought I’d skim a few pages, glean a few quotable quotes and then stick it on the shelf with all the other self-improvement books gathering dust in my basement. But this one grabbed my attention on the first page. I couldn’t put it down until I read the other 208.

This isn’t just a feel-good collection of generalities and catchy phrases. It’s rooted in what the latest science can teach us. In language a lay reader can easily understand, Emmons reveals groundbreaking research into the previously under-examined emotion we call “gratitude.” As defined by Emmons, gratitude is the acknowledgement of goodness in one’s life and the recognition that the source of this goodness lies at least partially outside one’s self.

Years of study by the author and his associates show that “grateful people experience higher levels of positive emotions such as joy, enthusiasm, love, happiness, and optimism, and that the practice of gratitude as a discipline protects a person from the

destructive impulses of envy, resentment, greed and bitterness.”

A grateful attitude enriches life. Emmons believes it elevates, energizes, inspires and transforms. The science of it proves that gratitude is an indispensable key to happiness (the more of it you can muster, the happier you’ll be) and happiness adds up to nine years to life expectancy.

Gratitude isn’t just a knee-jerk, unthinking “thank you.” It’s much more than a warm and fuzzy sentiment. It’s not automatic. Some people, in fact, feel and express it all too rarely. And as grateful a person as you may think you are, chances are you can develop an even more grateful attitude, a task that carries ample rewards that more than compensate for its moral and intellectual challenges.

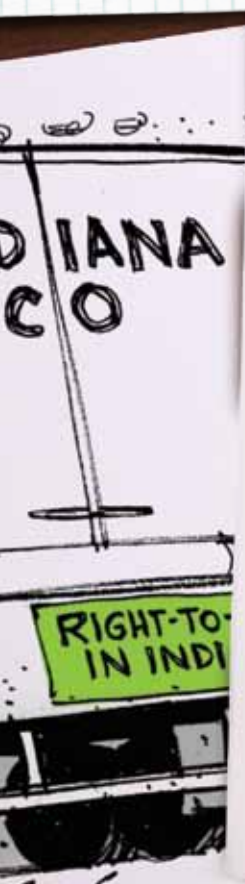
The research that Emmons cites contains a subtle but powerful message about the welfare state. If you think you’re entitled to it, chances are you won’t be grateful for it, which in turn will deeply and negatively affect your overall happiness.

In the final chapter, a mere 24 pages, the author lays out 10 steps (exercises, in fact) for cultivating the critically important emotion of gratitude. If you give this book a look, I guarantee that you’ll be grateful for the recommendation. **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.

from the sketchbook of *H. Payne*



*H. Payne* ©12 MACKINAC CENTER





# A War of Ideas on All Fronts

## The Mackinac Center Fights For Liberty



Our investigative analysts have produced great videos on policy issues and breaking news stories in the last few months, garnering thousands of Web views. To watch, go to [www.mackinac.org/media.aspx](http://www.mackinac.org/media.aspx).

### THE BATTLE Merit Pay

Education Policy Director Michael Van Beek reported over the summer that Blissfield Schools and the St. Clair Intermediate School District are the latest districts in Michigan to transition away from “an industrial-era assembly line” method of compensation toward one that treats teachers as professionals and rewards them individually based on performance.

There is a growing movement toward merit-based pay, though only about 15 percent of schools nationwide have adopted it thus far. The Oscoda and Suttons Bay districts took this step in 2011, under the rationale that teachers should be rewarded based on student achievement rather than on years in the classroom and number of pedagogic credentials gained. The majority of schools continue to employ the outdated uniform single-salary schedule to determine teacher compensation.

One of the first moves toward merit pay in Michigan came after then-Gov. Jennifer Granholm signed a new law inspired by President Obama’s “Race to the Top” initiative. The new law required that student performance be viewed as a “significant factor” in contract negotiations over teacher pay.

Additional reforms passed during Gov. Rick Snyder’s time in office continued the move toward merit-pay trend in Michigan. Among them was doing away with the “Last In First Out” method of bargaining, which eliminates seniority as a way of determining teacher layoffs and recalls. Teachers unions are also now banned from bargaining over the “development, content, standards, procedures, and implementation” of performance-based compensation.

### THE BATTLE Union Boss Pay

As school districts move toward paying teachers based on achievement and performance, their bosses continue to reap the rewards of Michigan’s forced dues regime. Iris Salters, former Michigan Education Association president, received \$235,447 in 2011, the last year for which data is available. That trailed only the head of the New York State Teachers Union, whose organization has three times as many teachers as the MEA.

Stephen Cook, current MEA president, received \$196,594 as vice president in 2011, more than the teachers union presidents in Pennsylvania, Ohio, Minnesota and Illinois.

David Hecker, president of the American Federation of Teachers-Michigan, received \$131,123 in 2011.

Randi Weingarten, president of the American Federation of Teachers, saw her base salary jump from \$342,52 in 2010 to \$407,323 in 2011, while Dennis Van Roekel, president of the National Association of Education, went from \$298,387 to \$362,644 in that span. Overall compensation for the two was even higher, with Weingarten at \$493,859 in 2011 and Van Roekel at \$460,060.

### THE BATTLE SEIU Dues Skim

Although Gov. Snyder signed into law a bill declaring home-based caregivers are not public employees and therefore not subject to collective bargaining, the Service Employees International Union continues to skim “dues” money from Medicaid stipends intended to help Michigan’s most vulnerable residents. The union so far has taken more than \$31 million during this six-year scheme. A recent study shows that most of the people caught up in the forced unionization are family members caring for loved ones.

The union filed a lawsuit to block the new law, and a federal judge from Detroit granted a preliminary injunction, meaning the dues skim will continue until at least February. The SEIU argued in court that the union needed the money for political speech.

### THE BATTLE Taxmaggedon

Absent any changes in Congress, Americans will be slammed with a nearly \$500 billion tax increase on Jan. 1, 2013. The impact of “taxmaggedon” on Michigan will be some \$14.3 billion. A study by the Heritage Foundation indicates the hit on Michigan taxpayers will range from a low of \$1,536 per person in Congressional District 14 to a high of \$3,800 per person in Congressional District 11. The statewide average will be \$2,801 per person.

For more information on the study, see [www.mackinac.org/17131](http://www.mackinac.org/17131). **I**

Mackinac Center **IMPACT**

## Milton Friedman at 100 *by Michael D. LaFaive*

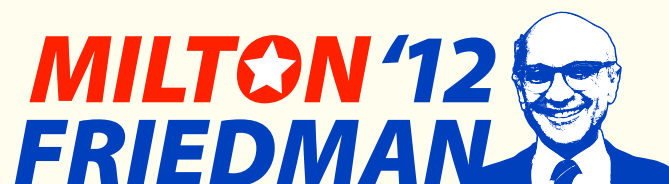
July 31 marked the 100th anniversary of the birth of the great American economist, Milton Friedman. Born in Brooklyn, New York, to immigrant parents, Friedman helped revolutionize the economic science.

He also brought economic analysis from the Ivory Tower to the everyman with his books and a Public Broadcasting Service video series known as “Free to Choose.” In doing so, he inspired many to work toward a freer world, including this author.

The book “Free to Choose: A Personal Statement” was published in 1980 and became the most popular nonfiction book of that year in the United States. It was authored in part from transcripts of the video series. The program was aired over 10 weeks and ultimately re-aired in many other countries, save for France due to staunch cultural opposition.

Try as they might, opponents of Friedman’s views — both in Europe and in the United States — were unable to thwart the popularity of the series, which drew some 3 million viewers each week. I watched the program and read the book in 1986, and it inspired me to become an economist myself. In fact, it ultimately motivated me to seek work at the Mackinac Center.

Friedman’s work did not start and stop with academic papers or educating the public about economic concepts



and sound public policy. Milton and Rose Friedman both put their own money where their ideas were. As early as 1955, Milton Friedman was advocating a system of school vouchers to increase competition and improve education. In 1996, he and Rose founded “The Foundation for Educational Choice” to help advocate for greater school choice, something the Mackinac Center has done since we opened our doors.

Indeed, the Mackinac Center is more than a friend of freedom; it is a friend of Friedman. Each year the Center works to educate its class of research interns to Friedman’s ideas and ideals. This year, it co-hosted a luncheon forum with Northwood University titled “100 Years of Milton Friedman” to discuss the economist’s ideas and influence. Several of our interns also traveled to Chicago this year to attend “The Power of One” dinner, which celebrated Friedman’s life. The power of one to help the many, in fact, motivates the Mackinac Center every day in its defense of personal liberty. **I**

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