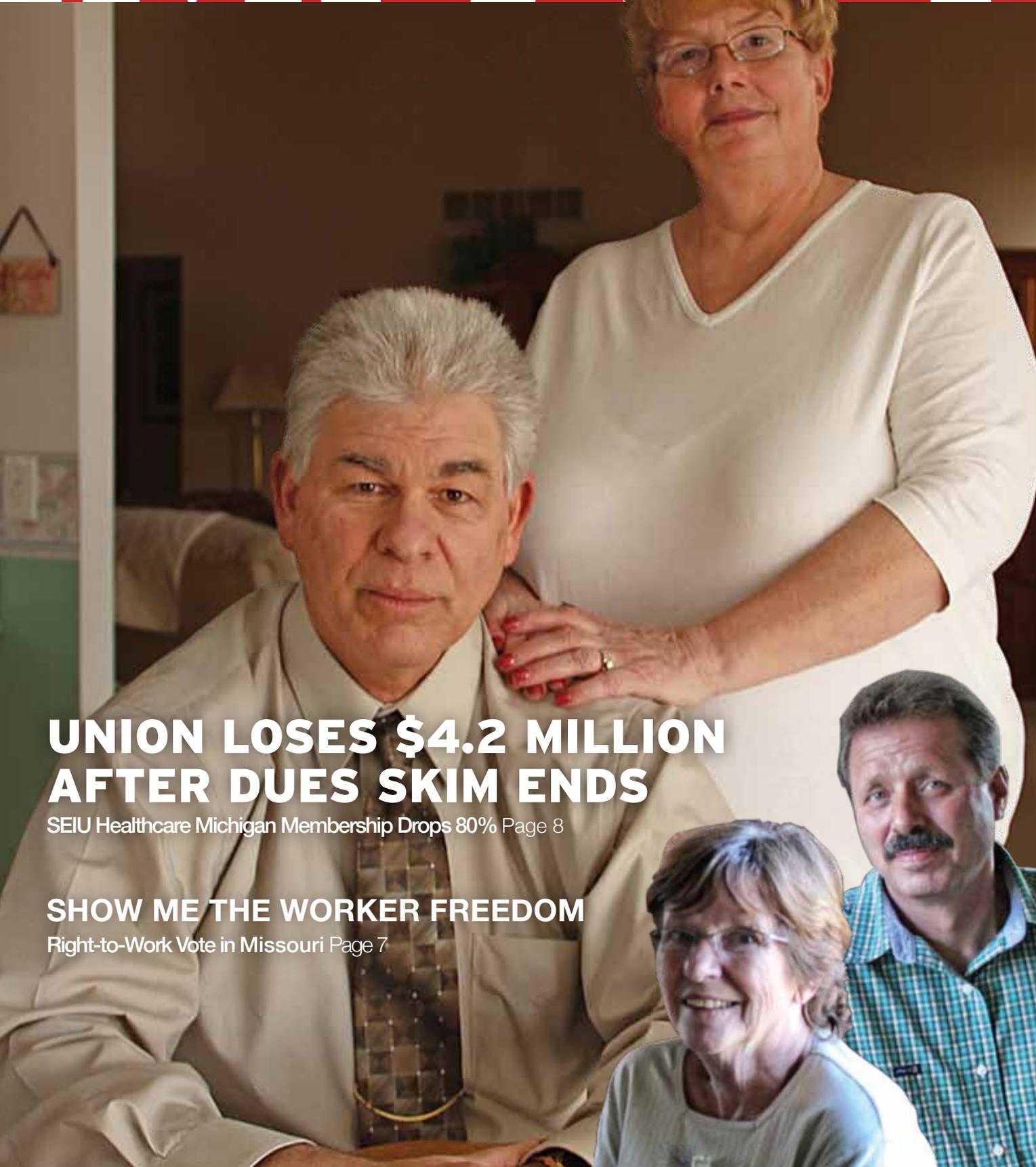


IMPACT



UNION LOSES \$4.2 MILLION AFTER DUES SKIM ENDS

SEIU Healthcare Michigan Membership Drops 80% Page 8

SHOW ME THE WORKER FREEDOM

Right-to-Work Vote in Missouri Page 7

COMING AUTUMN 2014

The Mackinac Center High School Debate Workshops will focus on the debate topic: The United States federal government should substantially increase its non-military exploration and/or development of the Earth's oceans. Speakers on both sides of the issue will present powerful arguments and help students develop their own debate ideas during these one-day workshops.

DEBATE WORKSHOPS 2014

SEPT. 30 – OCT. 2, 2014

The Mackinac Center will offer up to four \$1,000 college scholarships to essay contest winners. Please note that students need not be active debaters to enter the contest! Any student attending the workshop is eligible.

Full registration materials will be sent in August.

Mackinac.org/Debate

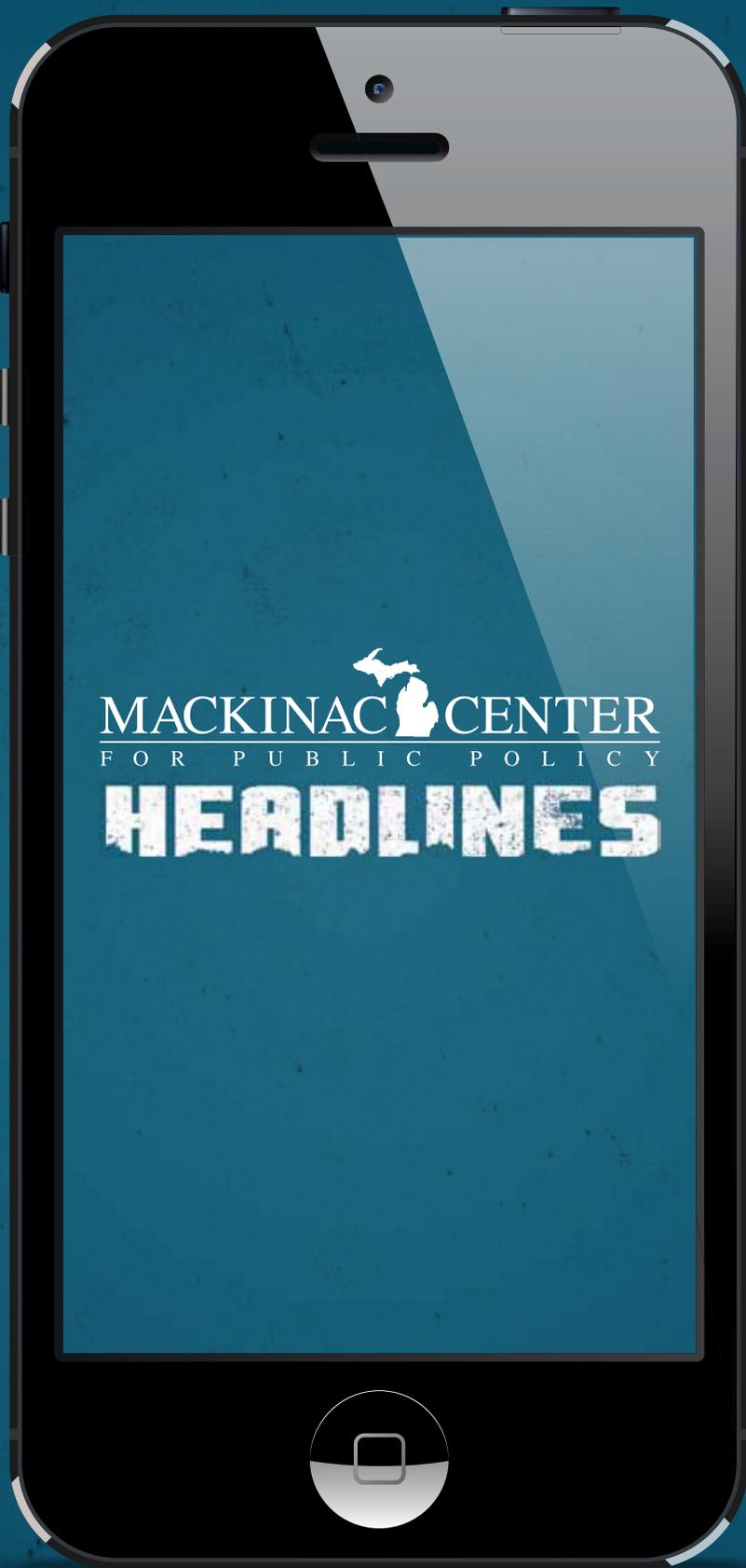


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NOTABLES & QUOTABLES

Defending, declaring, discussing and digging...

These four D-words came to mind when thinking about how to summarize all of the amazing content packed into this late spring/early summer edition of IMPACT.

Defending

When bad policy forced tens of thousands of home-based caregivers into a union, taking tens of millions of dollars intended for the care of the most vulnerable people in Michigan, the Mackinac Center defended the rights of those who were being cared for and those caring for them. Through news reporting in Michigan Capitol Confidential and legal action by the Mackinac Center Legal Foundation, the scheme caught the eyes of the public. Today, that union has 80 percent fewer members who do not have their Medicaid checks skimmed. (p. 8)

Declaring

Right-to-work is right for Michigan, and it's right for Missouri, too. Since Michigan became the 24th right-to-work state, Labor Policy Director F. Vincent Vernuccio has been on a "You Can, Too" tour showing other states the benefits of worker freedom. Vernuccio testified at a Missouri House hearing in January of this year, showing lawmakers the positive effects of workers having the right to choose whether to financially support a union as a condition of employment. Missouri lawmakers took a bold step in early April. The Missouri House approved right-to-work legislation by a 78 to 68 vote. However, it failed to receive the needed 82 "yes" votes to send the bill to the Senate. This remarkable development shows for the first time in nearly 40 years the Show-Me state is seriously considering right-to-work. (p. 7)

Discussing

In April, the Michigan Board of Education invited Education Policy Director Audrey

Spalding to present findings regarding school funding and performance. Rather than simply increasing spending and expecting better results, there is an effort now to determine whether school spending is related to student outcomes. Spalding presented evidence that there is no pattern relating to school performance and per-pupil instruction expenditures. Efforts continue in Lansing to restrict school choice and preserve only conventional districts. However, Spalding showed families most often choose schools that have better academic outcomes when given the choice. (p. 5)

Digging

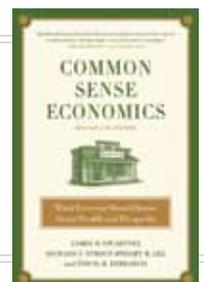
Michigan Capitol Confidential finds the stories that no other news outlet does. In March, CapCon released a story about a union contract in Ferndale that gave special consideration to those of the "non-Christian faith." This story of discrimination within public education went viral quickly, getting picked up by state, national and international media. The story was liked on CapCon's Facebook page more than 2,000 times. In this issue of IMPACT, we show the timeline of events as the news was breaking on this important story. (p. 14)

The Society of Professional Journalists of Detroit honored several reporters from Michigan Capitol Confidential in April for their excellence in news coverage. The awards were for stories on corporate welfare, asset forfeiture laws, government waste, regulation, unions and personal property issues. (p. 10)

Well, that's about enough of the telling, now it's time for the showing. Dig into the rest of this issue to find out how the Mackinac Center is advancing liberty and opportunity for all people daily. ■

 MICHAEL VAN BEEK RECOMMENDS "COMMON SENSE ECONOMICS"

"Common Sense Economics" is a fantastic book for an introduction to key economic and personal finance principles. It explains the role that incentives, competition, trade, government, money and more have on economic progress, and does so without getting bogged down in economic jargon. This quick read is suitable for high school students, but nearly everyone will learn something from it. The book was written by four economic professors, including Northern Michigan University's Tawni Hunt Ferrarini. A website of the same name provides additional resources for teachers, parents and self-directed learners.



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WHAT FOLKS ARE SAYING ABOUT THE MACKINAC CENTER

"We couldn't have won this battle without the Mackinac Center fighting for us."

—Shawn Kosky

Dearborn City worker who sued and won over Teamsters Local 214 after the union tried to discriminate against him and his right-to-work colleagues.





How to Tell What a Bill Actually Does

We might not have the ObamaCare mess if more people judged legislation by what it actually does instead of what its proponents hope it will accomplish.

Think of verbs to truly understand what a bill does. There are specific verbs that describe the precise action of any bill.

The Mackinac Center's short, plain-English bill descriptions (found on the VoteSpotter app and MichiganVotes.org) are built around those verbs. A great many descriptions include words like "prohibit," "mandate," "impose," "tax," "require," "restrict," "penalize" and "subsidize."

If those verbs sound negative, it's not because we have a bias against the bills. It's because those verbs simply are the things bills do. A good law to protect citizens from killers does so by "prohibiting" murder. A bad law to "create jobs" won't hire anyone but it may directly "subsidize" film makers.

ObamaCare's official name is the Patient Protection and Affordable Care Act. There are three main things the 2,000-page law actually does.

1) Mandates the purchase of health insurance; 2) Defines what constitutes acceptable insurance coverage and prohibit unacceptable plans; and 3) Subsidizes some people's purchase of health insurance and imposes an array of new taxes, fees and regulations.

ObamaCare might be even better understood if we pretend for a moment that it involves housing instead of insurance, since most people are more familiar with homes than insurance.

ObamaHome would 1) mandate universal home ownership; 2) define what constitutes an approved home and require demolition of noncompliant homes; and 3) subsidize the new homes of certain

people and impose new housing bureaucracies, fees, taxes and regulations.

Political opportunists with ties to home builders would note that not everyone owns a home even after public policies propelled home ownership to historic heights.

They would lump together everyone who does not own a home – renters, those living with relatives or friends, those saving for a home, those who just prefer not to own a home, and the truly homeless – and label them all "the unhoused."

The truly unhoused – those with utterly no roof over their heads and no one to help them – would constitute a tiny minority. Wise observers would liken their number to those very few who need health care but can't even obtain it at emergency rooms for some reason. A problem, but not one big enough to remake the entire health care market, for instance.

The president would pledge, "If you like your home, you can keep it." Bulldozers would later demolish millions of houses in front of their gasping owners.

The fine for not buying a home would be renamed a tax. New homes would include mandatory features like wheelchair ramps and electric car plug-ins people may not want or be able to afford. All housing costs would jump.

Those needing a housing subsidy would be funneled to a faulty government website that would render hundreds of thousands temporarily homeless.

But "housing the unhoused" would sound a lot better than "mandate," "prohibit," "subsidize" and "impose," even though those verbs would describe exactly what ObamaHome does. ■

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At the Forefront: Addressing the Board of Education

In this election year, it is difficult to avoid reading, seeing or hearing claims that funding for Michigan schools has declined in recent years. Some, including the Michigan Education Association, claim that schools have seen revenue drop by \$1 billion.

These claims, of course, are wrong. The Detroit Free Press called attempts like the MEA's to characterize education funding "a false accusation." Indeed, the Michigan Senate Fiscal Agency reports that during the past three years, state support for schools has increased by \$660 per student.

But there is no question that many Michigan schools are struggling. In recent years, two school districts have been dissolved, two others have been converted to charter districts and many are in a perpetual overspending crisis.

With this backdrop, the Michigan Board of Education invited me to present research regarding school funding and performance. The board will likely recommend changes to Michigan's school funding system this fall.

Just days before receiving the invitation to present, Clark Durant, a former president of the Michigan Board of Education, sent me a copy of a study published by the Michigan Department of Education in 1996. Though these events were unrelated, the timing couldn't have been better. The 1996 study broached the same problem that the state board is currently considering.

"The educational system established a century ago still exists, but it is now larger and less than ever responsive to the needs of parents and children," wrote authors William Allen, dean emeritus of James Madison College at Michigan State University and member of the Mackinac Center's Board of Scholars, and Eugenia Toma, a professor of public policy at the University of Kentucky.

But the way the State Board of Education is viewing this problem today is dramatically different than the way the board approached the problem previously.

Rather than simply recommend that state taxpayers provide more funding to Michigan schools – a recommendation made by several presenters to the current board – Allen and Toma examined whether school spending was related to student outcomes. The authors considered how student test scores, graduation rates and dropout rates were related to school, parent, student, district and locale characteristics.

They concluded that per-pupil instructional expenditures have "an indeterminate effect" on student outcomes and that there might even be evidence of "overspending in the public school system."

Little has changed since then. I presented the board with current evidence from Michigan schools that show there is no pattern between school performance and per-pupil instruction expenditures.

Some presenters have urged the board to limit educational choice in an effort to preserve conventional districts. But this approach disregards strong research showing that when Michigan families are given the option to choose the best school for their child, they choose schools with better academic outcomes. Even more concerning is the inclination to preserve the status quo at the educational expense of students.

My presentation was an attempt to prod state officials to shift their focus from simply protecting our current educational system to instead thinking critically about how to improve it.

Instead of limiting choice, I urged the board to consider how it might enable innovative district superintendents to compete. I suggested that districts be allowed to open schools outside of district boundaries. I also noted that school officials could better respond to enrollment declines if recent labor reforms were extended to all district employees.

It is no secret that the Mackinac Center and current State Board members have policy disagreements. But we did find some common ground during our conversation. Michigan legislators and department officials could improve educational outcomes in this state by providing district officials greater ability to respond to student academic needs and enrollment changes. ■



The Mackinac Center for Public Policy is funded solely by freedom loving individuals and organizations that find value in its conviction of free-market principles. For this issue of IMPACT, we hear from Ron Beebe.

MCPP: Tell us about yourself.

Ron Beebe: I started working at an early age for my father doing odd jobs. I started out mowing grass at 13. My career path took a turn after that. I went from grass clippings to selling cleaning products. I sold a product called Swipe. By the time I was 17, I had 35 people working for me selling Swipe. I put on meetings and recruited salespeople. I didn't know anything about accounting, so I set up my own accounting. I made sure the salespeople had integrity, and if the salesperson quit, I made sure to continue servicing the clients. Putting the customer first yielded positive results. It was a great learning experience for me.

I graduated from Central Michigan University in accounting. I knew I wanted to be a CPA at 14 years old. I always had a thirst for business. I liked the aspects of business where you get to make decisions and live with the results. That thrilled me. I worked at Arthur Andersen in the audit department. I made recommendations to make businesses better. As a young staff person, I found ways to improve the organization and see the fruit of the results. It's all about helping people.

I was drafted in the Vietnam War and left for service, but never actually went overseas to fight. The war had wound down at that point.

However, I became a drill sergeant. I was good at polishing boots and convincing others to take pride in their job. I learned leadership skills there and the value of diversity. Gaining perspectives from multiple sources is valuable.

I've worked in several industries and at many locations. Most recently I've been purchasing businesses. I'm the chairman of Awrey Bakeries in Livonia, Milling Precision in Kansas, Griffin Thermal Products in South Carolina, and CEO at Euclid Industries in Bay City.

Awrey Bakery is a good success story. I purchased it a year ago. It's a 112-year-old bakery. It fell on hard times and went under, laying off all of the employees. But we now have 100 workers back on the job.

It hasn't been easy, but hard work and persistence pays off. Within the last few weeks, Central Michigan University named me its 2014 Entrepreneur of the Year.

MCPP: Are you originally from Michigan?

Beebe: Yes. I'm from Flushing, west of Flint. My mother was born on a family farm there and never left. My grandfather started a newspaper there. He was an entrepreneur from Hastings and later moved to Fenton. He did a lot of farming, mostly to feed the family and animals. He was land rich and money poor.

He was honest and lived by principles. I see the same philosophy at the Mackinac Center.

MCPP: What value do you find in the Mackinac Center?

Beebe: The Mackinac Center is the voice of common sense in public policy. For a long time it has been sounding the voice of reason that often escapes our political system.

The Mackinac Center supports the idea that everyone should have the opportunity to develop an idea and invest time, talent and treasure into it. Everyone should be able to live that dream.

MCPP: Tell us about your family.

Beebe: I live in Midland with my wife of 41 years. We have four grown children and seven grandchildren.

MCPP: What policies would you change to make Michigan a better place?

Beebe: We have a state government and federal government that are too big. Government has poured billions of tax dollars into our state and made things worse. We need to focus on policies that give people more opportunity to succeed rather than create an environment where people are more dependent on the government. ■

Show Me the Worker Freedom

Right-to-Work Vote in Missouri

Brave elected officials and grassroots activists are fighting to make Missouri the 25th state in the country to give workers the freedom to choose whether they want to pay dues or fees to a union.

For the first time in more than 35 years lawmakers in the Show-Me state are seriously considering right-to-work.

In early April, right-to-work legislation won majority approval 78-68 in the Missouri House but failed to receive the 82 “yes” votes necessary to send the bill to the Senate. A simple majority of those present is needed for early approval of a bill, but to send legislation to the Senate, a full majority of the entire chamber is necessary.

Eleven house Republicans were not present and some even admitted to “taking a walk” or intentionally missing the vote.

With the part-time Missouri Legislature in recess now, any potential right-to-work legislation will need to wait until they reconvene in January 2015.

Still there is reason for optimism.

As Mary Hill, executive director of Missouri Employment Freedom, explained: “For the first time we got a vote in the House.” Hill attributed the vote to “regular grassroots people doing the job.”

What appears to be a temporary setback can be simply a step toward eventual victory. Indiana had several votes before finally passing its right-to-work legislation in early 2012. Also as Missouri did in 1978, Indiana lost a right-to-work battle decades earlier when the law was repealed in 1965 after only eight years on the books.

Indiana’s comeback, followed by Michigan’s right-to-work legislation, has shown that today’s times are now different and states across the country are ready for worker freedom.

Republican state Rep. Eric Burlison, the bill’s sponsor, was not disheartened, calling the vote “a groundbreaking step toward true worker freedom in Missouri.” Burlison went on to say it is “an enormous victory for working Missourians as freedom to work progressed further in the Legislature than it ever has, paving the way for future efforts.”

According to the Missouri Times, state House Speaker Tim Jones has made right-to-work “a top priority during his tenure as speaker.”

As Jones told The Washington Post shortly after the April vote, “You have to set aside the politics, and you have to decide what is good economic policy for the state of Missouri. I’m trying to keep them focused on jobs and the economy.”

Legislators and activists in Missouri are not alone. The issue hit the national stage last August when Lt. Gov. Peter Kinder announced at an ALEC meeting in Chicago that he expected his House and Senate to put right-to-work on the ballot and bypass a likely veto by Democratic Gov. Jay Nixon.

Since then, organizations from around the country, including Grover Norquist’s Americans for Tax Reform, American Conservative Union, Freedom Works and the National Right to Work Committee, have been helping the freedom fighters of Missouri stop forced dues in their state.

The Mackinac Center is no exception. Over the past year through our “You Can, Too” tour, we have been on the ground floor of the effort, providing intellectual ammunition and educating on why worker freedom is right for every state.

According to Rep. Burlison, “The Mackinac Center’s in-depth research on right-to-work played a crucial role in moving the bill forward by educating legislators on the clear benefits of worker freedom.”

It all started last February when Audrey Spalding, our director of education policy who came to the Center from our sister think tank in Missouri, the Show-Me Institute, sent a letter to free-market groups in her former state about the “You Can, Too” tour.

The response was swift. Requests for interviews and speaking engagements started coming in almost immediately. Missouri quickly became one of the first key states on the tour.

Since then, I have been to Missouri four times, including once to testify at the first House hearing on right-to-work in January 2014.

After Michigan enacted right-to-work on that cold day in December 2012, many states asked, “If Michigan can do it why can’t we?”

Of those states, Missouri is one of the top candidates to pass the reform in the near future. This in no small part because of the hard work of elected officials like Rep. Burlison, Lt. Gov. Kinder, Speaker Jones and activists like Mary Hill. ■



Mr. Vernuccio Goes to Washington

In early March, Mackinac Center Director of Labor Policy F. Vincent Vernuccio appeared on the labor panel at the Conservative Political Action Conference (CPAC), held at the National Harbor outside Washington, D.C.

Vernuccio told the story of how right-to-work came to Michigan and gave an update about labor reforms around the country, gained from firsthand knowledge through his work on Mackinac’s “You Can, Too” tour.

“We’re looking at Ohio. We’re looking at Missouri. We’re looking at Kentucky. The fire of worker freedom is shining brightly, and it is spreading,” Vernuccio said, drawing cheers from the audience.

Vernuccio closed the panel by noting that while it took 20 years to achieve right-to-work in Michigan, “It’s not going to be another 10 years” until the next state passes a worker freedom bill.

Reince Priebus, chairman, Republican National Committee; Grover Norquist, president, Americans for Tax Reform; Luke Hilgemann, CEO, Americans for Prosperity; and Terry Scanlon, president, Capitol Research Center; also participated on the panel.

“It was an honor to share the stage with some of the biggest movers and shakers in Washington at one of the largest gatherings of conservatives around the country,” Vernuccio remarked after the panel. “Simply being invited to speak shows the influence and the importance the Mackinac Center is having both in Michigan and around the nation.”

Media coverage of Vernuccio’s visit to CPAC spanned the political spectrum, from National Review and Newsmax on the right to Huffington Post and Salon.com on the left. ■

Union Loses \$4.2 Million After Dues Skim Ends

By Jack Spencer

In the mid-2000s, the Service Employees International Union (SEIU) targeted the assistance checks of Michigan participants in the federal Home Help Program as a potential revenue source. The Home Help Program, which was started in the 1980s, allows the elderly and disabled to be cared for in their homes instead of being put in institutions. A majority of the caregivers in the program are family members or friends who take care of loved ones. Despite claims that Michigan's home-based caregivers were in the union by choice, more than 44,000 have given it the cold shoulder. As a result, SEIU Healthcare Michigan, the union most closely linked to the home health care dues skim that funneled \$34 million away from Michigan's most vulnerable residents and into union coffers, lost more than 80 percent of its members since the dues skim ended on March 1, 2013.

Based on an annual report the union is required to file with the U.S. Department of Labor, membership in

SEIU Healthcare Michigan dropped from 55,265 in 2012 to 10,918 in 2013. The number of lost members appears to represent virtually all of the long-term home-based caregivers affected by the dues skim. Most of the members remaining in the union are apparently legitimately unionized workers employed at private medical facilities. The union may have included a formulated amount of caregivers in its 2013 tally to account for the dues and fees it received from them in January and February of that year while forced unionization was still in existence.

"This evidence shows the truth about the Granholm-inspired unionization of those in the Home Help Program," said Patrick J. Wright, vice president for legal affairs for the Mackinac Center. "When given the choice, those in the program didn't want to give the union a dime."

Robert and Patricia Haynes of Macomb Township are an example. The couple receives Medicaid payments for the care



Melissa Haynes with her father, Robert Haynes

Kevin Haynes

of their two developmentally disabled adult children, who both have severe cerebral palsy, which significantly impairs their ability to speak and care for themselves.

"We are not anti-union," Patricia told Fox News after Michigan Capitol Confidential reported on their plight. "I just don't understand why we were forced to join because I have two disabled kids."

Another example is Steven Glossop, who cares for his mother, Linda, who lives with medical complications following heart surgery and a stroke. Through the Home Help Program, Linda receives a monthly Medicaid check to help defray the costs involved with the home care.

In 2005, the SEIU perpetrated a forced unionization of Michigan residents who were in the program. This took place through the use of a dummy employer, a by-mail stealth election, and coordination of state agencies and officials.

After the forced unionization was accomplished, the home-based caregivers were labelled "home health care workers" and SEIU Healthcare Michigan was created as the union affiliate to which dues collected from the Medicaid checks were sent.

With the dummy employer in place, those who carried out the scheme could claim the union had an entity with which it could bargain on behalf of the home-based caregivers. But there could really be no collective bargaining. The dummy employer, the Michigan Quality Community Care Council, which was created to facilitate the skim, had no authority over Medicaid payments or working conditions.

When the state Legislature periodically voted to increase the amounts of the Medicaid checks in the program, the union would be free to claim credit for the raise. Meanwhile, the union's coffers grew richer by about \$6 million per year. This "dues skim" lasted from 2006 to early 2013. Over that period of time, the scheme brought more than \$34 million in dues and fees to the union's coffers.

SEIU Healthcare Michigan officials have repeatedly been unresponsive when asked by the news media to comment on the due skim, the forced unionization or how it tabulates the number of caregivers it has claimed as members.

The amount of dues and fees reported as having been received by the union reflected the end of the home health care dues skim as well. According to the disclosure report, in 2013 the union received \$7,119,322 from dues and fees. That \$7,119,322 figure is \$4,187,992 less than the \$12,078,838 that the union reported having received from dues and fees in 2012. Roughly \$1 million of \$7,119,322 was apparently from home-based caregivers who still had union



Steven Glossop and his mother, Linda

dues and fees deducted from their Medicaid checks in the first two months of 2013. The other roughly \$6 million came from members employed in the private medical facilities.

The loss of 80 percent of its members has not been the only blow to SEIU Healthcare Michigan over the past year and a half. Seven of the eight protesters arrested at the State Capitol Building in December 2012 were identified as employees of the union. The arrests took place during demonstrations against the passage of Michigan's Freedom to Work law after the protesters tried to force their way onto the Senate floor.

In addition, SEIU, the international union behind SEIU Healthcare Michigan was fined almost \$200,000 for concealing that it bankrolled Proposal 4 of 2012 – the failed ballot effort to lock the forced unionization of home-based caregivers into the state constitution and perpetuate the dues skim. According to state officials, the penalty the SEIU was assessed for the campaign finance violations was the second largest in Michigan history.

On the eve of the November 2012 election, in which the voters of Michigan rejected Proposal 4, Gov. Snyder replaced the MQC3 board of directors with members who represented the state instead of the union. In December 2012, these members voted to disband the dummy employer; which led to an end to the dues skim as soon as the collective bargaining agreement expired at the end of February 2013. ■

Jack Spencer is Capitol affairs specialist for Michigan Capitol Confidential.



TRADITIONAL MEDIA RECOGNIZES MICHIGAN CAPITOL CONFIDENTIAL WITH 4 AWARDS



From left to right: Anne Schieber, Jarrett Skorup, Tom Gantert and Michael Reitz

When Michigan Capitol Confidential made its debut in 2010, the traditional media didn't know what to make of it. I know because I was in the traditional media at the time. I remember thinking "who was this usurper, should they be feared or dismissed?" In any case, there was envy. CapCon was exposing stories I wish I had. I now write and produce videos for CapCon and see things from a different perspective. One of the first things I noticed was the freedom I had in covering news, and not because the Mackinac Center was all about promoting freedom. Traditional reporters and editors don't discuss it openly, but there is a line to toe between courting a source and offending one. With dwindling resources, traditional journalists are expected to fill large holes with very little time. The last thing you want is to bite the hand that feeds you. A good example is crime. Crime stories are easy and compelling filler, but reporters are at the mercy of law enforcement for much of the information. Pity the

ANNE SCHIEBER

reporter who writes a critical story – you can kiss those call-backs goodbye. It was true for most sources of news, especially politicians. They fed you stories and you paid them back with the benefit of the doubt.

"We're breaking stories that the traditional media is being forced to follow, and we're investigating issues that are important to taxpayers across Michigan," said CapCon Managing Editor Manny Lopez. "Our stories are important and readers appreciate what we're doing."

The beauty of CapCon is the freedom from these restraints, but its place is something traditional reporters still struggle with. Is CapCon a competitor or an ally? Is it a provocateur, keeping traditional reporters on their toes by pointing out factual errors in their stories, as was the case recently with education funding? At one point, some in the media referred to CapCon as a "newsletter," suggesting it is nothing more than a mouthpiece of free market ideology.

The answer to the above questions is "yes." Having a point of view no longer is a sin.

Pretending you don't have one is. CapCon does everything traditional media does or should be doing – getting the facts from all sides, double checking sources, being fair and accurate. Ideologically, it is non-partisan despite what detractors say. It is different because it introduces a perspective so often ignored.

All of this makes CapCon's recognition by the Detroit chapter of the Society of Professional Journalists so momentous. These were awarded "by outside judges who are looking at quality of journalism, not where it came from," as the Mackinac Center's Marketing and Communications Team Leader Dan Armstrong put it. And this came on the heels of two awards CapCon received from the Michigan Press Association last year.

At the SPJ's "Excellence in Journalism" dinner in April, I was honored with three other members of the CapCon staff. Jarrett Skorup won second place in the "Consumer/ Watchdog" category for his stories on corporate welfare, asset forfeiture laws and government waste. Jack Spencer was recognized for his coverage of lawmakers trying to define for the purposes of regulation what a journalist is. Tom Gantert won third place for his coverage of unions. Judges called his work: "strong, persistent reporting. Great series of stories on an issue that the reporter makes clear... tough dogged work."

The judges honored my work on a series in print and video on tax assessor attempts to invade private property. The reports led to the introduction of two bills in the Legislature, something that might not have happened had I not had the time and support for such an investigation. ■

Anne Schieber is senior investigative analyst for the Mackinac Center.

Mackinac Events Update

The Mackinac Center recently hosted two Issues & Ideas events in Lansing. These semi-regular forums feature experts from around the country who are brought in to discuss pertinent public policy issues.

On March 31, State Rep. Ken Yonker, R-Caledonia, spoke on “Roadblocks to Reform? A Review of Union Contracts in Michigan Schools.”

Rep. Yonker was the sponsor of several Michigan school reform bills a few years ago that changed teacher tenure rules, eliminated layoffs based only on seniority, and required student growth to be the main factor in teacher evaluations.

A recent study by the Mackinac Center showed that up to 60 percent of Michigan’s largest districts are violating these and other laws. Rep. Yonker says that those who do so purposefully should face “criminal charges.”

Rep. Yonker said the purpose of the education reform bills was simple.

“The intent of the legislation was to allow bargaining for teacher wages and benefits and nothing else,” he said, adding that union misinformation exacerbates confusion about the reform efforts.

He wants to enforce the laws because “one teacher can affect hundreds of lives.”

On April 23, former Utah State Sen. Dan Liljenquist discussed “How States Are Fixing Pension Problems – And Michigan Can Too.”

There is an estimated \$730 billion to \$4 trillion in unfunded pension liabilities across the states. These costs are crowding out services, harming communities, and causing public employees to worry that governments cannot keep their promises.

Sen. Liljenquist helped usher through reforms in Utah that shifted public employees to a 401(k)-type plan and was named public official of the year in 2011 by *Governing Magazine*.

Michigan is quite revolutionary around the country because the state began shifting new employees off of a pension plan in 1997 under former Gov. John Engler, Liljenquist said. This has saved up to \$4 billion and is something he said Michigan “has not gotten enough credit for.”

But there are pension systems for teachers and many local municipal workers. The teacher system has an unfunded liability of \$24.3 billion while some municipalities and counties are worse than the city of Detroit. Liljenquist said the state should move toward generous 401(k), defined contribution plans to provide “true retirement security.”

He pointed to Utah as a lesson.

“For 50 years, Utah made every payment, did everything right – we were 100 percent funded going into the economic downturn,” Liljenquist said. “But in 2008, one year of market losses blew a 30 percent hole in our pension fund.”

Shifting employees capped the liabilities and allowed Utah to move forward. “If you have an oil spill, what do you do?” Liljenquist asked. “First, you cap the spill. Then, you clean up the mess.”



Former Utah State Sen. Dan Liljenquist

Utah called its bill the “Wage Liberation Act” because freeing up money from the pension system allowed for salary increases and investments into important government services. Pension funding is crowding those things out in many places.

Liljenquist said moving employees to a 401(k)-style system is the most sustainable reform because it helps prevent future elected officials from backtracking. In Michigan, over the past decade, the state rarely met its minimum pension payments. And under a deal struck by former Gov. Jennifer Granholm, the state raided the pension funds to bail out a failed movie studio, among other deals.

“Getting retirement funds out of the hands of politicians is the best way to protect workers and taxpayers,” Liljenquist said.

“The states that refuse to make the move to defined contribution plans will languish behind those that do,” Liljenquist said. “Reality is not negotiable.”

To see a video replay of the events, go to Mackinac.org/Events. ■

Jarrett Skorup is research associate for the Mackinac Center.



Michigan State Rep. Ken Yonker

Board of Scholars Adds Four

The Mackinac Center is dedicated to producing high-quality policy research. To deliver and expand our research capabilities, the Center has developed a Board of Scholars, whose members – primarily university professors – review, support and directly contribute to the Center's work. Recently, the Center has grown this board, and is delighted to announce the appointment of four new members.



Chris Douglas, professor of economics, University of Michigan-Flint. He authored a 2011 Mackinac Center study, and has been published in Oxford Review of Economic Policy, Journal of Economics, and Journal of Applied Econometrics, among others. Douglas's research interests include gasoline markets, smoking externalities and the economics of sports.



Michael Hicks, professor of economics, Ball State University. He co-authored the 2013 Mackinac Center study "Economic Growth and Right-to-Work Laws," and also presented findings of his research at a 2012 Mackinac Center Issues & Ideas forum. Hicks has been published in Eastern Economics Journal, Atlantic Economics Journal, Economic Development Journal, Regional Economic Development, Journal of Private Enterprise, and Review of Regional Studies. He wrote a book on the local economic impact of Wal-Mart stores, and also does research on telecommunication deregulation, natural disasters, corporate welfare and many others.



Jason E. Taylor, professor of economics, Central Michigan University. Taylor has been published widely in scholarly journals, including The Journal of Law and Economics, Journal of Economic History and Southern Economic Journal. He is also editor-in-chief of Essays in Economics & Business History. He recently published a paper examining the impact of marginal tax rates on U.S. growth in the Cato Journal. His work has also been published in Forbes, The Wall Street Journal, USA Today and The Detroit News. In 2010 he was invited to present his research findings as official testimony before the U.S. Congress.



Todd Nesbit, senior lecturer in economics, Ohio State University. He co-authored a 2008 Mackinac Center study on the relationship between cigarette taxes and cigarette smuggling. He has been published in Journal of Economic Behavior and Organization, Southern Economic Journal, Public Budgeting and Finance, Journal of Media Economics, and Atlantic Economic Journal. Nesbit's research interests include sports economics, economics of education, automobile safety and several others. ■

Maximum Effort to Battle Minimum Wage Myths

It's an election year, and some politicians – trying to shift away from the unpopular Obamacare health care law – are looking toward an issue that polls well: minimum wage.

Politicians and interest groups are looking to put an increase in the minimum wage to \$10.10 per hour on the ballot in November. Though politically popular, government wage mandates harm real people. That's the argument Research Associate Jarrett Skorup has been making in appearances across the state.

Skorup has appeared in three debates recently with representatives from the left-leaning Michigan League for Public Policy.

In a discussion at Grand Valley State University, the Grand Valley Lantern covered the event, quoting Skorup as follows:

"Among the most basic laws of economics is if you make something more expensive, you will have less of it," Skorup said. "Minimum wage laws are making hiring someone more expensive, and thus you'll get less of it."

He also noted that government mandates particularly harm low-income, low-skilled workers who are trying to break into the workplace.

"Everyone starts out somewhere at a job, but politicians can make it more expensive to give someone that start," Skorup said. "If the government says you have to pay someone say \$15 an hour, which is a popular minimum called for nowadays, and the employer does not believe the person is worth that amount of money, then they will not hire them. If they have someone who they believe is worth less than that wage, they will fire them."

Skorup also appeared on the PBS station in Grand Rapids for the show "West Michigan Week."

In response to the assertion that a hike in the minimum wage would mean more money in the pockets of some workers, Skorup responded, "You can also decrease the money floating around

from that standpoint when people lose their jobs, which is one of the consequences."

He also noted research from a recent Capitol Confidential article showing that each of the politicians pushing for a higher minimum wage, including gubernatorial candidate Mark Schauer, either employ or formally employed unpaid interns. So the same people who want to increase mandates on businesses pay some of their own workers nothing.

The third debate was with former State Sen. Gilda Jacobs on "City Pulse Newsmakers" in Lansing.

During that discussion, Skorup noted that, according to federal government figures from the U.S. Census and Bureau of Labor Statistics, only 15 percent of employees earning \$10.10 per hour or less live in poverty. He said that increasing the mandated wage leads to distorted incentives that would harm workers by pushing more of them into poverty.

Skorup also stated that wages are set by supply and demand in the marketplace, not by government mandate. He said if businesses simply paid what they wished, everyone would make minimum wage – when in reality, that makes up only a little more than 2 percent of the workforce.

"Right now, if you want to make a lot of money, you go and be and oil and gas engineer," Skorup said, noting that the starting median salary is nearly \$100,000. "Is that because the oil and gas companies are simply better people than these mom and pop shops or who own the fast food restaurants? Or is it because they are looking at the supply and demand in the marketplace and paying what someone is worth?"

In the end, the debate over government wage mandates is a simple one: Who determines the cost and benefits of something better: the government or the private market? The bulk of the research, and history, shows us that it is the free market. ■

In Loving Memory *Ranny Riecker*

Mackinac Center mourns loss of founding director

The Mackinac Center for Public Policy mourns the loss of one of its founding directors, Margaret Ann “Ranny” Riecker, who passed away April 7 at the age of 80 in Midland, Mich.

JOSEPH G.
LEHMAN

The Mackinac Center and the people of Michigan have lost an inspirational giant of informed public policy, civic service and philanthropy.

Ranny was one of five Michigan residents who formed the Mackinac Center’s board of directors after its founding in 1987. When she left the board in 1994, the organization was emerging as a strong voice in Michigan policy and a leader in a nationwide movement of state-based policy research centers. Then-Gov. John Engler wrote, “When the Mackinac Center speaks, we listen.”

Ranny, along with Midland resident Alan Ott, co-chaired the Center’s \$2.4 million building campaign in 1997 that produced its current headquarters on Main Street in Midland.

In 2004, the Mackinac Center dedicated its board room to Ranny and her husband, John Riecker, who said at the dedication ceremony, “Ranny and I look upon the Mackinac Center as an anchor to windward, a seeker of true economic and political principles” John joined the board in 2006 where he remained a director until his passing in 2008.

Ranny was a trustee, and later also president, of The Herbert H. and Grace A. Dow Foundation, which has supported major Mackinac Center projects in education policy, science education, and more since the mid-1990s.

Ranny was also a founding trustee of the Council of Michigan Foundations, the chair of the Mid-Michigan Medical Center,



and a trustee of Central Michigan University and Carleton College (her alma mater), as well as the Harry A. and Margaret D. Towsley Foundation. She held additional leadership roles with numerous other organizations including the Gerald R. Ford School of Public Policy at the University of Michigan and the Republican National Committee.

Ranny’s imprint is etched into our goal to improve people’s lives through policies enlightened by the nation’s founding principles.

I could always count on Ranny for straight talk and a reminder to stay true to first principles. She was always amazingly prepared to discuss or debate any subject. I knew if I could make my case to Ranny, I was ready for any challenge.

Rest in peace, Ranny Riecker. ■

Joseph G. Lehman is president of the Mackinac Center.

BY THE NUMBERS

\$4 billion: The amount of money Michigan saved by shifting its new employees to a 401(k)-style retirement plan in 1997.

\$24.3 billion: The current amount of money the school employees pension system is underfunded.

\$730 billion to \$4 trillion: The amount of unfunded pension liabilities across the country.

\$150: The amount of money Teamsters Local 214 wanted to charge right-to-work employees to file grievances prior to a Mackinac Center Legal Foundation lawsuit.

\$0: The amount of money Teamsters Local 214 is charging the employees after the lawsuit.

100%: The amount of Michigan Senate districts that use Mackinac Center’s VoteSpotter app.

98%: The amount of Michigan House districts that use VoteSpotter.

A Timeline of Events

Center Exposes Illegal Contract Language in Ferndale Schools

Michael Van Beek sent an email to our staff that sounded unbelievable. The director of research for the Mackinac Center had been looking into union contracts when he found a clause in the Ferndale contract that gave non-Christians special preference in hiring.

Van Beek's March 17 email set off a flurry of exchanges, mostly wondering, "How could this be true?" I quickly sent emails on March 17 and March 18 to the top administrators at the school district as well as the school board members. There was no response.

Van Beek had worked with Audrey Spalding, the Mackinac Center's director of education policy, in going through hundreds of union contracts and finding language that was illegal under new reforms passed by the Legislature in 2011. Those findings led to numerous stories in Michigan Capitol Confidential. But none had the immediate and national impact of Ferndale's situation.

**TOM
GANTERT**

On March 19, Michigan Capitol Confidential published its story about the Ferndale contract.

By 11 a.m., March 19, while driving, I got a phone call from a Ferndale spokeswoman. She thanked the Mackinac Center for alerting the district to the clause, which she said the district was unaware of and may have been in the contract for decades. But it had now been removed, she said. The story was updated.

Within hours of the story being posted, the spokeswoman said the "non-Christian" language had been removed. That's normally a process that can take months of negotiating.

The traditional media quickly followed our work, but now were forced to play catch up.

The Washington Times ran a story on March 19.

On March 20, the Detroit Free Press ran its own story of the contract provision.

The Detroit News also did its own version March 20. The Associated Press did its own

story and that was picked up by national media outlets such as Fox News.

MLive did a story March 22 looking at a state politician asking for an official review by the State Board of Education President John Austin.

The story went viral with dozens of news sites running the story.

For the person who discovered the illegal language, there was a bigger issue looming than just one clause in a union contract.

"There are a lot of school boards, superintendents and their hired attorneys who don't actually review the actual contracts that they sign that deal with their employees," Van Beek said. "That's the biggest takeaway for me. No one defended this clause. And that to me shows if everyone agrees that it is bad, why was it in there? Well, the only reason was they didn't read it." ■

Tom Gantert is senior capitol correspondent for Michigan Capitol Confidential.

Taking the VoteSpotter Message to the Capitol



For months, the Mackinac Center has been promoting VoteSpotter, a revolutionary app that makes government transparency and accountability easy. And Michigan residents have responded. Currently, it's being used in all 38 Senate districts and 108 of 110 House districts.

The media quickly noticed the value of residents knowing and evaluating the votes of their legislators. Reviews from The Frank Beckmann Show on WJR, The Detroit News, Midland Daily News, The Vic McCarty Show, The Ron Jolly Show and WWJ radio all said how VoteSpotter benefits Michigan voters.

On April 22, we took VoteSpotter on the road to the state Capitol. Outside, a mobile billboard canvassed the downtown streets and introduced Lansing commuters to the app that lets users vote on the votes of their lawmakers. Inside the Capitol, the Mackinac Center secured the West Wing corridor and set up an open house, greeting visitors and showing them how they can easily know what their legislators are up to and how to contact them instantly.

Visitors of all political backgrounds and beliefs interacted with the Mackinac Center staff, agreeing that what happens in Lansing should not stay in Lansing, but should be available to the public.

The road show did not stop there. Mackinac Center staff visited every office of every state legislator, giving them VoteSpotter literature and explaining to them why they will likely observe an uptick in phone calls and emails from constituents.

The effort demonstrated how VoteSpotter can help keep elected officials accountable and planted the flag of transparency for all to see. While the public cannot always be in Lansing, it now has an app that is. And if legislators are doing the right thing, they have nothing to worry about. ■



Competition is in our Culture

This past school year, I had an amazing opportunity to host two international students in our home. The 15-year-old from China went by "David," while our 13-year-old from South Korea preferred the name "Andy."

Prior to their arrival, my home consisted of my wife, myself, and our three young daughters, ages 5, 3 and 1. Our girls were very excited about having more people live with us. Before the boys' arrival, my daughters would ask, "When are our brothers going to be here?"

We all experienced culture shock in various ways. At first, the boys saw homework as a recommendation rather than a requirement. They didn't understand why their grades suffered when they didn't turn assignments in. Daily quizzes and weekly tests caught them by surprise as well. They said in their cultures they are tested less frequently throughout the year and that they cram for the few exams that make up their entire grade.

Bathrooms in eastern and western cultures can be quite different as well. In some eastern cultures, builders prepare the entire bathroom to be able to withstand getting wet (not just wet, drenched). They may have a shower hose protruding from the wall, and it's used to douse yourself standing in the middle of the room. That's your shower. The idea of having just one area of the bathroom (a shower or tub) to get wet was a new experience for them. Imagine my reaction when I saw the floor of our guest bathroom soaking wet.

American food brings different tastes for those coming from another culture. Apparently, American food

is saltier than Asian food. We also put salt in nearly everything and put too much of it in, according to our students. Our food is also considered not as spicy. We saw them pour spicy sauce on most of the meals we served.

I drove the boys to school every day on my way to work. On our ride to school, we normally commented on the ever-changing weather in Michigan and how it compared to the weather in China and South Korea for that day.

One of our commute conversations stands out. We passed two gas stations along the route to school. I expressed how happy I was that gas prices had gone down that day.

The Chinese student wondered why an organization that was established to make money would ever lower its prices. He wondered why the gas station wouldn't raise its price to \$4 a gallon and just leave it there.

I told him that if that gas station did that, the one across the street would likely acquire most of the consumers and the one that didn't compete would eventually close due to lack of business.

The idea of business competition thrilled him. He discovered that many products in the United States were less expensive than the comparable ones in China.

I got to teach a young man a valuable lesson. Competition is good. It benefits the public. I'm thankful that it's not limited to gas stations. ■

This is Your Year for Peace of Mind

Did you know that if you do nothing about making a will or an estate plan that the government has one for you? It's a PLAN BY DEFAULT. Government has no idea of your achievements, your faith, your principles, your ethics or your love of liberty and devotion to family. In this plan, your hard-earned assets can be unnecessarily taxed and heirs can be left with little or nothing.

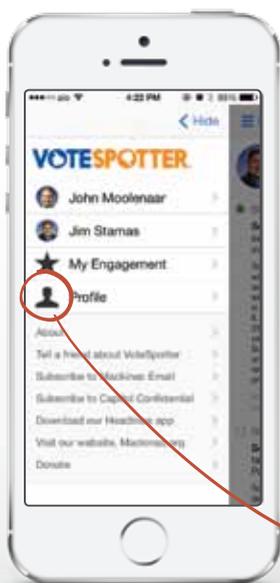
I encourage you to create a PLAN BY DESIGN. The only way to make sure that your will or trust reflects your wishes is to design it yourself with competent legal counsel. Otherwise your legacy might become a windfall for government programs or new capital for center-left organizations.

Take the steps necessary to protect the future of your loved ones and help to build a stronger future for the charitable organizations you have supported during your lifetime.

If your current documents need updating or you are just beginning the process and need information from a trusted professional, please contact me for an upcoming Planning for Life workshop. Join the many who have gained the peace of mind that comes in knowing this important task has been accomplished.

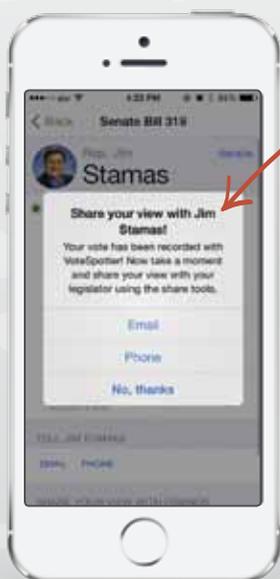
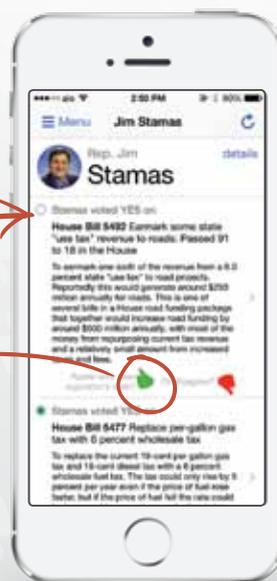
To find out more information, please call Kristine Palosaari at (989) 698-1968 or e-mail Palosaari@mackinac.org. ■

VOTESPOTTER



Enter your address under the Profile tab and VoteSpotter will find your legislators. It's that easy.

This page shows you what your legislator has been voting on. How well do you think they are representing you? Let them know.



VoteSpotter makes it easy to contact your legislator. Send them an email or give them a call. It doesn't stop there! Send your friends your thoughts via email, Twitter, Facebook, or text.

For more information, head over to Mackinac.org/VoteSpotter.
Download it free at the Apple App Store and Google Play.

