

The Magazine of the Mackinac Center for Public Policy NOVEMBER/DECEMBER 2017

IMPACT



YEARS

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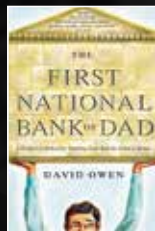
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MICHAEL VAN BEEK RECOMMENDS

“THE FIRST NATIONAL BANK OF DAD: A FOOLPROOF METHOD FOR TEACHING YOUR KIDS THE VALUE OF MONEY”
BY DAVID OWEN

Ever notice how far too few kids these days know how to manage their own money well? Or at all? David Owen, a staff writer for The New Yorker, noticed too and he didn't want that to be true for his kids. So he set off on a journey trying to teach them money management skills that would last them a lifetime, and this book reveals what he learned along the way. It is funny, well-written and has tons of practical advice for how to teach kids about money — some of which I'm happily putting into practice with my own children.



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30 Years of Giving Innovation



“State-based think tanks that advocate for their findings are producing dramatic improvements in public policies from coast to coast, and for **30 years** the Mackinac Center has been at the forefront of this trend.”

George F. Will



“**30 years** ago I barely understood the principles of free enterprise and there were few opportunities and even fewer experts to learn from. Then I discovered Larry Reed and the Mackinac Center and my learning curve was complete and my philosophy on those principles reinforced.”

Jimmy E. Greene

CEO/President, Associated Builders & Contractors, Greater Michigan Chapter & The Greater Michigan Construction Academy



“The Mackinac Center is exactly the sort of strong and consistent fighter for conservative policy reforms we need in Michigan. We have seen a wide array of issues and policy debates over the past **30 years** in this state, and the Mackinac Center has been there every step of the way to stand up for individual liberty and free markets. I’m sure they will also be here for the next 30 years to defend our rights no matter what comes our way.”

Michigan House Speaker Tom Leonard





Looking Ahead

Anniversaries prompt reflection on the past and the future.

In 1997 the Mackinac Center was preparing to move into its new headquarters building at 140 W. Main Street in Midland. As part of the move, the staff decided to place a time capsule in the wall. Rather than rely on the typical date-specific criteria for opening the capsule, senior vice president Joe Overton instead proposed to use public policy milestones.

Among the milestones discussed, Overton proposed: "Michigan adopts a free market in labor representation, to the extent allowed by federal law. Michigan workers are therefore free to join or not join labor unions without government intervention in collective bargaining."

At the time, such an idea was absurd, but as we like to say here: We unabashedly pursue big ideas with long odds. Fifteen years after that capsule was sealed up, Michigan became a right-to-work state. Since 2012, tens of thousands of workers have exercised their rights, declining to pay a labor union without the fear of being fired.

Even from its early days, the Mackinac Center has recognized the strategic importance of promoting free association in labor representation. We've been the leader in providing information about the morality and benefits of right-to-work, which culminated in the state's right-to-work law. In addition, our litigators helped shut down stealth unionization efforts targeting day care providers, home help workers and graduate assistants. Our investigator exposed the Michigan Education Association's hypocrisy in opposing privatization of school services while outsourcing many of its own functions. Our policy experts have studied and testified on the benefits of worker freedom across the country, working in Indiana, Wisconsin, West Virginia, Kentucky and Missouri as those states adopted right-to-work laws. In the last three years, we trained dozens of analysts and communicators in the strategies and tactics of achieving a labor policy goal.

Significant accomplishments can prepare you for even greater challenges. The Mackinac Center's first 30 years prepared us for the next development in labor policy history.

MICHAEL J. REITZ

The U.S. Supreme Court recently accepted *Janus v. AFSCME*, which could prove to be the most significant labor law case

in 40 years. Mark Janus is a child support specialist with the state of Illinois. He objects to paying the union as a condition of employment: "I brought this case on behalf of all government employees who also wanted to serve their community or their state without having to pay a union first," he said.



Mark Janus of *Janus v. AFSCME*

The case is aimed at overturning a Supreme Court ruling that allows workers in some states to be, in essence, taxed by the union in order to keep a job. If the Supreme Court rules in favor of *Janus*, the ruling would extend free association rights to all government employees who don't live in right-to-work states. Five million public employees in states like New York, Illinois and California would have the ability to resign from forced unionization.

We know that legal or policy changes do not automatically result in greater liberty. Labor organizations are already planning to minimize the impact of a ruling in favor of *Janus*. Some legislators will seek to bail out unions using taxpayer dollars. Workers in those forced unionism states will need to be educated about their options.

Advocates, teachers and lawmakers across the country are asking for our help. Thanks to your support, the Mackinac Center is uniquely suited to help shape the future. ■

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WE WON A FOIA BATTLE

but the war continues



On Nov. 9, 2016, Mark Schlissel, the president of the University of Michigan, gave a speech on campus to students protesting the election of President Donald Trump.

“Your voices worked out to be a 90-to-10 decision in favor of the unsuccessful candidate yesterday,” Schlissel said to wide applause. “Ninety percent of you rejected the hate and fractiousness and longing for some idealized version of a non-existent yesterday that was expressed during the campaign.”

The Mackinac Center is a nonpartisan organization, proudly working with people of all political stripes to achieve free-market reforms. To cite a few examples, we’ve worked with Republicans on labor freedom, Democrats on criminal justice reform and people from both parties in opposing corporate subsidies.

But the University of Michigan is a public university, receiving around \$300 million in state funds and nearly \$1 billion total in taxpayer money. Citizens have a right to expect that those funds are not pushing one political agenda over another. So shortly after the Schlissel’s political speech, our news website, Michigan Capitol Confidential, filed a Freedom of Information Act request for emails from Schlissel mentioning the word “Trump.”

For more than 100 days, the university stalled. And when its officials finally fulfilled the request, they gave us only a few emails. So we took them to court to uncover the rest, ultimately reaching a settlement that gave us the emails, as well as paid our legal fees and required the university to establish more transparency.

JARRETT
SKORUP

As we noted in the Detroit News:

The newly released emails show Schlissel behaving in a partisan manner concerning the 2016 presidential election. Discussing an August convocation for new students – a few months before the election – he says he doesn’t want to “waste an important opportunity” to influence freshman who “are first time voters and thus special.” He also admits that he would “feel awful if Trump won the election.” After Trump’s election, Schlissel writes that he “can’t imagine lending one’s name to a Trump administration,” referencing faculty members potentially leaving UM for positions in the federal government. He added that he found it “ironic” that Trump supporters on campus feel marginalized by some of the university’s post-election actions.

This was a big story. Outlets covering our lawsuit included The Associated Press,

Fox News, Michigan Radio, MLive, the Daily Caller, the Ann Arbor News, The Detroit News, CBS Detroit, WJR-AM, the Michigan Daily, the Detroit Metro Times, Accuracy in Academia, Campus Reform, the College Fix, Inside Higher Ed and more.

While the media attention was nice, the real story here is that government entities can delay releasing documents for months on end. This is the third time the Mackinac Center has dealt with an agency preventing the release of easily assembled public data. And when that happens to us, an organization with lawyers on staff and ready to file a lawsuit, we know it’s happening much more often to private citizens. We are working with organizations across the political spectrum to solve this problem.

A core mission of the Mackinac Center is government transparency, because people have a right to get information about things they are funding. We’ve sued for document from a Republican governor, a public university and a variety of local governments and school districts. And we’ll continue to work in the Legislature to make sure public entities operate under the glare of bright sunlight as much as possible. ■

Jarrett Skorup is the director of marketing and strategy at the Mackinac Center.

MACKINAC CENTER

Heroes

PROFILES OF A FEW OF THE MICHIGANDERS
WE'VE HELPED OVER THE YEARS



Shawn Koskyn, Maria Santiago-Powell and Greg Andrews were employees of the City of Dearborn, and left the Teamsters with the Mackinac Center's help after right-to-work passed. The Mackinac Center Legal Foundation stepped in to help again when their former union tried to keep charging them various fees. After the lawsuit, the Teamsters agreed to abandon the illegal policy.



Miriam Chanski and dozens of other teachers have fought against illegal labor practices with the help of the Mackinac Center, whether it meant challenging the MEA's "August Window" or the Taylor Schools 10-year "union security agreement." Teachers across the state are finally experiencing freedom of association.

Melinda Day and a handful of other graduate students at the University of Michigan managed to stop a unionization effort with representation from the Mackinac Center Legal Foundation, affirming that they were students, not subject to forced unionization.



In 2012, the city of Holland shut down 13-year-old **Nathan Duszynski's** hot dog stand for zoning violations. After the Mackinac Center publicized Nathan's story, the city found a loophole so he could reopen.



Patricia and Robert Haynes were caring for their disabled adult children when the SEIU unionized them against their will. Although the Mackinac Center Legal Foundation lost their case in court, the attention prompted the state to pass legislation ending the dues skim, and voters rejecting an SEIU effort to reinstate it.



THE MACKINAC CENTER'S NEXT

30 Years

THIRTY YEARS AGO,

the Mackinac Center was barely more than an interesting idea, and Michigan was in trouble.

As we reach the end of our pearl anniversary year, we've enjoyed looking back at all the ways we've changed the state for the better:

- Parents have many more choices for their children's education: schools of choice, charter schools and more. Schools have more than doubled their rates of contracting for non-educational services, saving money and improving the quality of those services at the same time.
- The state has reformed some of the worst taxes in the country, closed its underfunded pension systems, stopped subsidizing the movie industry and ended

the Michigan Economic Growth Authority.

- Unions can no longer compel workers to pay them as a condition of employment. People laughed at the idea of Michigan becoming a right-to-work state when we proposed it early in our history.
- The Mackinac Center Legal Foundation has represented dozens of Michiganders to defend their free speech rights, right-to-work freedoms and more. Even when the Legal Foundation has lost a case, we've won the policy reforms we were after.

But as much as we love to talk about our accomplishments, it's more interesting to talk about what comes next.

Amy Kellogg works as assistant to the president of the Mackinac Center. "I hope we don't exist in 30 years!" she said when asked what the Center would look like in 2047. That's a hope we all share – that the work we're doing now will make Michigan such a paragon of fiscal responsibility, personal freedoms and limited government that there will be nothing left for us to do. That seems about as likely today as right-to-work seemed in 1987. While we'll never say never, we do have a few more realistic hopes.

We expect that next year, all public workers in the country to have the right to leave their union if they wish, thanks to *Janus v. AFSCME*. In Michigan, this will affect the public workers who were left out of the state's right-to-work law – mostly police and firemen. Across

the country, millions will benefit, and we will be there to help them.

In 2047, we hope workers will be represented by unions that truly advocate for their interests and use their dues money serving their members.

This, we hope, will be made possible through labor reforms like recertification, which holds unions democratically accountable to their members. By 2047, government unions may be outlawed, as voters realize that FDR was right all along: It's counterproductive to let unions bargain against taxpayers.

We look forward to giving students and families even more educational options. A universal tuition tax credit would be a great start, but with technological advancements, we may even find a way to completely customize education for each student.

Kids should be able to pursue a wide variety of subjects and advance as quickly and as far as they would like.

In 30 years, we hope we've managed to successfully make the case for more state tax reform. Lowering or eliminating the personal income tax would stimulate growth and help the state's economy thrive. We plan to continue our campaigns against

We expect that next year, all public workers in the country to have the right to leave their union if they wish, thanks to Janus v. AFSCME.

corporate welfare until it is no longer an enticement for politicians who feel they need to "do something." A fair field with no favors will make Michigan a better place to risk your fortune and run a business.

There are probably hundreds of boxes of documents obtained through Freedom of Information Act requests in our basement. These things accumulate over three decades when you're fighting for greater government transparency. As technology has improved, we've seen more FOIA requests fulfilled without

using paper, but Steve Frick, our manager of information systems, sees a future where FOIA requests are obsolete.

By 2047, maybe all publicly available information will be available without a FOIA, visible on the internet or the like. Even better, humans won't

have to look for fraud themselves. Perhaps artificial intelligence will have developed enough to uncover it without our help. If any government entities are foolish enough to break the law, the Mackinac Center's programs will tell us, and we will be sure Michiganders hear about it, too.

Two of our initiatives are just getting started, but they'll have three decades of success behind them by 2047. In criminal justice reform, we're looking forward to a state that has a transparent and sensible

system for sentences, incarceration, fines and rehabilitation for all people who break the law. We've already made strides toward two of our goals: reducing overcriminalization and reforming civil asset forfeiture. By 2047, we should have a routine in place to regularly cull and update laws, and civil asset forfeiture should be entirely abolished in the state, meaning law



Continued on next page

30 YEARS

enforcement will no longer be able to keep property of citizens without first convicting them of a crime.

Energy and environmental policy both present great opportunities for reform over the next few decades. We look forward to implementing full energy choice in Michigan, improving the quality of energy at a lower cost to consumers. By 2047, it is unlikely the world will still have to rely as heavily on fossil fuels for energy, but that progress will have come through private innovation. Renewable energy will no longer require enormous subsidies to be affordable.

Infrastructure goes hand in hand with environmental policy, and we'd like to see a state with a sensible, data-driven method for infrastructure maintenance. It would cover schedules for road repair, efficient replacement and improvements to sewers and water lines. We already have the technology;

now it's time to make potholes a thing of the past.

Regulation is a perennial frustration for the liberty minded. Fortunately, Michigan is on a good path, having already reformed rules for taxis, limousines and ridesharing companies. Soon it should do the same for homesharing companies like Airbnb and HomeAway, which would help with regulation levels and protect property rights.

The state has already passed some legislation allowing the testing and development of self-driving cars; by 2047, fully automated cars will be everywhere, with Michigan still at the forefront of the automotive industry (assuming we haven't developed teleportation by then). In related news, Michiganders should be paying much less for car insurance by 2047: either automated cars will disrupt the insurance business or the Legislature

will finally have enacted needed reforms. Either way, car owners win.

We're seeing slow but steady progress in occupational licensing. Thirty years from now, most occupational licenses will be a thing of the past. For medical professions and others with safety or significant financial implications, a reasonable, limited licensing structure will probably still make sense. But we look forward to the day when painters and barbers no longer need government approval to serve others.

We may be hoping for a lot, but we've already accomplished so much, and we're only getting better at making Michigan a great place to live, work and do business. We can't wait to see what the state looks like after another 30 years. With your help, we can ensure the future looks bright. ■

We're excited for the next 30 years, and we hope you are too. If you'd like to stay on top of what we're up to, visit mackinac.org/issues for the latest information from all of our specific policy areas.

CRIMINAL JUSTICE

High quality research and timely analysis of criminal justice policy issues in Michigan.



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Creating educational opportunity for all in Michigan.



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Promoting the environmental health and economic vigor of Michigan's unique landscapes.



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Encouraging sound taxation, spending and economic development policy.



LABOR POLICY

Restoring a free market and government neutrality to labor relations.



LEGAL FOUNDATION

Advancing individual freedom and the rule of law in Michigan.



By The Numbers: 30 Years



16 of 20

The Mackinac Center wrote a 20-point fiscal reform agenda in 1990. During Gov. Engler's first term, his administration fully or partially implemented 16 of the recommendations.



71.5 percent

Percentage of districts that contract out for food, custodial or transportation services. Few districts used to contract out. But that started to change as the Center repeatedly pointed out the common sense cost-savings of privatization.



32,597

Number of bills described by MichiganVotes.org, which provides plain language descriptions of every bill and roll call vote. The Mackinac Center launched MichiganVotes.org in 2001.

2,914,214

Number of people voting to restrict governments from using their eminent domain powers for economic development purposes in 2006. The margin of the vote was 80 percent for and only 20 percent against.



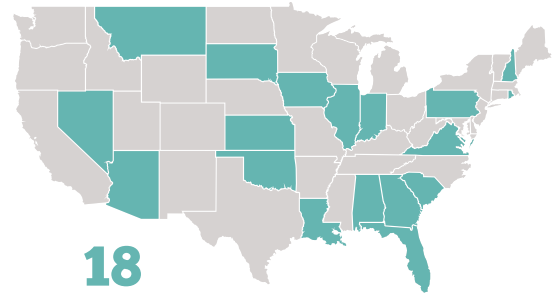
\$500 million

The amount Michigan spent subsidizing film producers to make movies in Michigan. The program started in 2007 and it ended in 2015 after consistent criticism by the Mackinac Center.



22 percent

Portion of public school students attending charter schools or enrolled through Schools of Choice. Charters opened in 1993 and Schools of Choice in 1996.



18

Number of states with some form of universal tuition tax credit, an idea proposed by the Mackinac Center in 1997.

\$29.1 billion

The amount that the state owes employees and retirees in its school retirement system beyond what lawmakers have already set aside. The state closed this debt-ridden system and is putting new employees into a defined-contribution retirement system as a default option.

97,000

The number of home health care workers forced into a union that skimmed dues off of their patients' Medicaid payments. This scheme was ended by legislation pushed by the Mackinac Center in 2011 and 2012, saving millions for some of Michigan's neediest residents.

24

In 2012, Michigan became the 24th state to enact a Right-to-Work law, prohibiting unions from firing workers who do not want to be part of the union and pay dues.

FIVE IMPORTANT CRIMINAL JUSTICE REFORMS

This is what legislative staffers need to know about criminal justice in Michigan

I recently had the opportunity to speak about the criminal justice system to a group of legislative staffers at a session of the Mackinac Center's Capitol Leaders Program. The program aims to deepen the understanding that the participants – young leaders – have of different policy issues. I gave an overview of the five major areas of criminal justice, highlighting one important reform for each area. Here's a summary of my remarks.

Part I: CRIMINAL LAW

We wouldn't have a criminal justice system without a body of criminal law to formalize what we consider right and wrong in Michigan. Legislators pass criminal statutes that identify bad actions and impose a penalty for them. But Michigan's criminal code is vast and disorganized: It includes over 3,100 crimes, and lawmakers add more every year. This means that practically all of us could be prosecuted for any number of offenses, and we're relying on prosecutorial discretion to determine which people deserve a penalty and criminal record. The poor, who cannot afford a rigorous (and expensive) defense, are especially at risk of being prosecuted under an overly large set of laws. It is past time for Michigan to overhaul our penal code into something much more coherent and concise.

Part II: LAW ENFORCEMENT

We rely on police agencies to protect us from harm and to investigate crimes. Layers of law enforcement at the state, county and local levels enforce the crimes passed by the Legislature

KAHRYN
RILEY

and ordinances passed by some local governments. Current law allows government agencies to seize and keep property belonging to innocent people through the process of civil asset forfeiture. Police should be able to seize personal property they suspect may be used to commit crimes, but they shouldn't be able to keep it unless the owner has been convicted of a crime involving that property.

Part III: COURTS

Judges and juries are responsible for determining whether an alleged offender is guilty beyond a reasonable doubt. There is a special adjudicative process for juveniles in which the judge, prosecutor, defense attorney and family pursue a team-based approach to getting the young offender back on track. But Michigan is one of five states that prosecutes and incarcerates 17-year-olds as adults – even though the law treats them as children otherwise. Although it would cost counties more for treatment and community supervision to add this group to their juvenile systems, the long-term return on investment would be well worth it. Juvenile courts

have more flexibility and do a much better job of tailoring solutions for teens that keep them from committing crimes later.

Part IV: CORRECTIONS

People convicted of serious crimes serve time in a state prison maintained by the Department of Corrections. Most prisoners don't serve their maximum sentence, however. Most are paroled, meaning they are released back to their community under the supervision of the department. Parolees generally must comply with a number of rules, such as observing curfews or participating in substance abuse treatment. About 15 percent of parolees are sent back to prison for noncompliance, where they serve an average of 14 months. This "revolving prison door" is expensive for taxpayers and a barrier to inmates successfully returning to society. Prison should be reserved as the penalty of last resort for truly criminal behavior.

Part V: RE-ENTRY

For many offenders, the punishment for a crime doesn't end when they have paid a fine or served time.

A criminal record may create an insurmountable barrier to housing and employment for decades to come. Two solutions would help offenders become productive citizens. First, occupational licenses should not contain “good moral character” clauses that automatically exclude anyone with a criminal record from practicing that occupation – especially if the nature of the crime is completely unrelated to the nature of the occupation. Second,

low-level offenders with only one or two offenses on their record should have that record cleared after ten years of lawful living. These changes would help more offenders land jobs, dramatically improving their odds of making a successful return to society and productive citizenship.

There’s much to be done, and it’s worth doing right. Michigan spends

well over \$2 billion on criminal justice every year through a system that has a significant, lasting impact on those who enter. Thoughtful reforms give us the opportunity to become a model for other states of smart, effective justice that bolsters public safety and supports safe reintegration. ■

Kahryn Riley is a policy analyst at the Mackinac Center.

Mackinac Supports Parents Who Seek Choice in Education

Far too often in Michigan’s education policy debates, the views of customers dissatisfied with locally assigned government schooling are left on the sidelines. We and our allies are beginning to change that.

As back-to-school time approached this year, the group Parent Advocates for Choice in Education launched, with support and direction from the Mackinac Center and other choice-friendly groups. The vision for PACE is to build a network of parents who are trained and motivated to speak out for the right to direct their children’s education and expand access to a variety

**BEN
DEGROW**

of quality educational opportunities. The parents come from different types of school environments.

Many parents have stories to share about how the dominant industrial-style school district system has not worked for their children. Some have sought to transfer to a new district, a local charter school or an online education option. Those with the means and inclination have paid private school tuition or taken charge of educating their children at home. Even though Michigan is in a shrinking minority of states that offer no public support for private educational choice, the state’s share of students learning outside their locally assigned government school district is among the very highest.

During its first few months, PACE is focused on reaching and organizing parents in a small but diverse set of schools. These include a Catholic school in Wayne County, a nondenominational Christian school in Lansing, and charter schools in Grand Rapids and the Port Huron area. This initial phase culminates in a day at the Michigan Capitol for parents to meet and share their stories with legislators and to hear from a national speaker. We will use what we learn from these early efforts to shape our work to take the idea statewide.

The groups backing PACE operate under no illusion that building a grass roots army for parental choice will be easy. But the organization represents a crucial part of the larger work to defend and extend educational freedom in Michigan.

Many in Lansing’s elected class are captive to the interests either of education employee unions or organized school district leadership. A parent’s ability to choose different learning options often clashes with those interests. Relevant and compelling stories from supportive and motivated parents can help reshape policy debates.

Other states have attempted similar efforts, none with more success than Florida’s Parent Network. This group has brought together lower-income parents across the Sunshine State to support the Scholarship Tax Credit Program. The voices of thousands of parents – heard at rallies and legislative meetings, delivered through email messages and phone calls and online comments – have helped to blunt media attacks on choice, undermine lawsuits and swing elections.

With an extra boost of support and some committed leadership, Michigan can copy Florida’s success with a broader coalition of families who have benefited from educational choice. ■

Ben DeGrow is director of education policy at the Mackinac Center.





Victory for Taylor Teachers Paves Way for Others

The wheels of justice may turn slowly, but they can reach their destination. After four years of litigation, the case of three teachers in Taylor has successfully reached its conclusion at the Michigan Supreme Court. The court rejected the last attempt at an appeal by the Taylor Federation of Teachers and the Taylor School District, thereby upholding the teachers' victory.

Way back in 2013, we first heard from three teachers – Angela Steffke, Rebecca Metz and Nancy Rhatigan – in the Taylor School District. They told us of a strange set of contracts being negotiated between their district and the union. As a way to avoid implementing right-to-work and denying teachers the ability to exercise their right to avoid paying the union, the union's lawyer was drafting two collective bargaining agreements. One contained most of the terms of employment, while another contained a clause that would prohibit right-to-work – for 10 years.

The unusual structure of this second agreement was unprecedented, and its length created a number of unique legal challenges.

Just as the Mackinac Center for Public Policy played the lead role in promoting right-to-work in Michigan, the Mackinac Center Legal Foundation played the lead role in protecting the employees' rights secured by the law. According to the Michigan Employment Relations Commission, the Taylor case was where "the Commission first examined the effects of [right-to-work] on the rights of public employees to refrain from financially supporting a labor organization." In their discussion of the case, the commissioners wrote that Taylor was the occasion when "the Commission issued its first decision on the question of the lawfulness of union security agreements made after the enactment of [right-to-work]."

The Taylor case wasn't just the first to defend right-to-work. It was the first to



Nancy Rhatigan, Rebecca Metz and Angela Steffke

conclusively find that public employees have the right to challenge the collective bargaining agreement that binds them. The unions had contended that employees had no right to mount a legal challenge to a contract made on their behalf. Now, as an administrative law judge recounts, “In their Taylor decision, the Commission majority concluded that the [teachers] in that case were third party beneficiaries of the contract and that, as such, they had standing to challenge all aspects of the agreement.” This conclusion will benefit public employees who challenge the unions’ actions from here on out.

And the Taylor teachers’ favorable decision in the courts has already reached beyond these three teachers and their employer. The Court of Appeals decision in Taylor was cited and followed in legal victories by the Mackinac Center Legal Foundation for another teacher, Ronald Robinson of Ann Arbor. And it was also cited and followed in victories for other Ann

Arbor teachers, Jeffrey Finnan and Cory Merante, who were represented by Legal Foundation allies at the National Right to Work Legal Defense Foundation. In writing about Finnan and Merante, the administrative law judge stated, “Similarly, the [union] here, like [the union in] Taylor, recognized the intent of the legislature’s actions in enacting [right-to-work] and took steps that resulted in the attempted subversion and undermining of that intent.”

The Taylor decision also helped a teacher in the Clarkston Community Schools, Ron Conwell, who was also represented by the national foundation. The Taylor decision was not only the deciding factor in the Clarkson case, but it put the union on notice to such a degree that it was fined for not complying with the law. MERC stated in its Clarkson opinion, “[The Taylor] decision was issued prior to [the teacher’s] resignation from the Unions on August 20, 2015. Therefore, by checking applicable case law, [the

union] could have determined from a review of our decision in Taylor that a union security clause entered into after the enactment of [right-to-work], though before its effective date, was likely to be found to be unlawful. A review of that decision would have put [the union] on notice of the probably unlawfulness of their actions before they sent the August 31, 2015 letter to [the teacher] instructing him to pay a service fee to the Unions.” For that reason, it fined the Clarkston Education Association and the Michigan Education Association \$500, payable to the state government.

The Taylor case stands out as an example for how people affected by a bad public policy can step forward and, with the help of the Mackinac Center Legal Foundation, challenge it in the courts. It took years to complete but it had far-reaching effects that extend beyond Steffke, Metz and Rhatigan, who took the first courageous step. ■

We Don't Do Party Politics

We just do good public policy

An Aug. 4, 2017, a Petoskey News-Review article reported that the Mackinac Center had been invited to speak about renewable energy to the Petoskey City Council. Petoskey has expressed interest in using only renewable electricity sources, so officials were looking for information on the costs and benefits of relying on renewables as their sole electricity resource.

Anyone who read that first article could be forgiven for expecting protest signs, or even torches and pitchforks, when I arrived to speak on Sept. 18. The article quoted one city council member who claimed that blog posts with titles such as “Do Renewables Really Make Economic Sense?” were proof of “an ultra-conservative” bias. A Petoskey resident claimed the Mackinac Center would be “spouting a paid point of view,” and should not be allowed to speak.

Mayor John Murphy and council member Izzy Lyman rightly noted that the council had invited two renewable energy proponents to speak. Having a free-market perspective, they said, would bring intellectual diversity to their discussions on renewable energy, adding that council members would not be doing their jobs if they didn't listen to all sides.

My presentation focused on the need for elected officials to make well-informed decisions as they attempt to plan for their city's energy future. Popular notions of renewable energy often do not give a realistic accounting of the costs and reliability challenges that renewable energy still faces. Many believe that renewable energy can simply replace other options. But the wind doesn't blow and the sun doesn't shine 24/7/365, and affordable electricity storage — like utility-scale batteries — is not yet commercially available. Eventually, that situation may change, but today, renewable energy's intermittent nature means that

wind and solar cannot replace more reliable sources like coal, natural gas and nuclear.

JASON HAYES

Many reports about renewable energy claim that it is competitive with, or even a lower cost option, than other energy sources. In contrast, I described some of the current renewable contract prices in Michigan. At just under \$100 per megawatt hour, they are as much as five times higher than the \$20 per megawatt hour that some people claim wind and solar cost. I also noted that wind and solar can claim to be competitive with other energy resources only due to the presence of renewable-friendly government policies. These include generous federal tax incentives and subsidies, as well as state renewable portfolio standards and mandates that force renewable energy into the mix ahead of other options.

The case of the Georgia-based solar provider Suniva illustrates the potential costs of relying on renewable energy. After having benefited from tens of millions in federal, state and municipal tax incentives, direct subsidies and other market preferences, Suniva declared bankruptcy. It closed its plant in Saginaw, laying off only 57 of the over 500 full-time employees it had promised to hire. It seems that the other 443 jobs were never filled. Then, soon after declaring bankruptcy, Suniva began an anti-dumping trade complaint against Chinese solar panels. If that complaint proves successful and tariffs are imposed on solar panels coming from China, this would lead to higher prices for all solar installations in the U.S.

At the council meeting, I also described some of the environmental impacts associated with renewable sources. They include bird and bat deaths and the pollution caused by mining for rare earth minerals in countries that don't have the same strict environmental protections as the U.S. I also discussed the growing legal pressures and

public resistance wind developers are now facing. The recent Huron County votes — as much as 2 to 1 against the construction of new wind facilities — show that public support for new renewable energy installations may not be as widespread as media reports suggest.

Overall, the presentation went well, although a small portion of the audience was made up of committed progressive and environmental activists who opposed Mackinac's participation. Amusingly, these partisans and activists claimed to “welcome a wide range of perspectives.” Groups like Positive Energy Petoskey “enthusiastically [stood] behind” — and even established a GoFundMe campaign to cover the costs of — having former Grand Rapids mayor and renewable energy advocate George Hartwell give a pro-renewable energy presentation. But, they “viewed the Mackinac Center ... with skepticism” given our history of advocating for free-market solutions to policy problems.

Despite the presence of this group, a Sept. 25 letter to the editor in the Petoskey News-Review gave a more balanced review of my presentation. The letter said Petoskey's residents appreciated my transparency and my open support of free-market solutions to their particular policy issue. The author also thanked me for my suggestions to guide the council, saying they were helpful.

My talk was met with applause and thanks from the audience for presenting the council with balancing information. The mayor closed out the Q&A period by noting that respecting the rights of all sides of an issue to speak is “what democracy is all about.” In this example, the citizens and elected officials of Petoskey demonstrated their city's ability to handle an important energy issue in a professional and respectful manner. ■

Jason Hayes is director of environmental policy at the Mackinac Center.



Getting Schooled By a Stand-up CEO

Matt Missad has a way of keeping himself on top of his game and helping others do the same. When you walk into his office, be prepared to stay on your feet. The CEO of Universal Forest Products, Inc. has a standing office table rather than standard office chairs, the better to cultivate a culture of creativity and innovation and to limit idleness.

He got his start at the company mowing the lawn and cleaning restrooms. Missad believes the anti-nepotism policy the company put in place in the 1970s made his merit-based ascent possible. He also believes governments, and bureaucracies in general, rely on tenure and politics, resulting in a central command that grows out of touch and ineffective.

"If you're poor, high taxes will keep you from ever being rich." Missad saw the reality of that statement in his own father, whom he described as a small-business owner in the waste removal industry. While his business struggled financially, he worked exceptionally hard, took care of his customers, played by the rules and never lost his integrity. At a young age, Missad saw how government regulations, well-intentioned or not, hurt his dad and other hard-working Americans. He continues to see burdensome and wasteful rules and regulations, such as the archaic spirits industry rules and high tax rates, penalize consumers and entrepreneurs.

The Mackinac Center's fact-based research and approach to public policy sets us apart from the political class and other organizations, he said. Missad enjoys civil discussion and exchanging ideas with people in his personal and professional life who disagree and think differently. "We can

have differing opinions but operating on a set of facts is essential to actually solving problems," he said. The Mackinac Center truly tries to present the facts and allows for robust discussion to shape solutions.

Missad's free-market philosophy was influenced by a high school economics teacher who happened to believe that government was the solution to economic issues. He recalls discussing the merits of a government-mandated minimum wage in class and having to expose the teacher's flawed theoretical arguments with the real-life experience of a small business. He went on to publish free-market perspectives in his high school newspaper with a final piece on government's dangerous tendency to grow. Through various seasons and positions in life, Missad has not lost touch with the humble beginnings that shaped his worldview and values.

For Missad, the Mackinac idea of "opportunity for all and favoritism to none" holds personal appeal and was at the forefront of his recent venture in the business and education space. "We found college graduates coming to us looking for jobs but not being well-prepared. And then there's the cost: They [leaders in academia] forget who the customer is!" He went on to articulate his belief that increased government involvement in higher education has artificially inflated its cost while cheapening its outcomes.

Rather than sit around pontificating about the errors of government involvement in higher education or the lack of qualified employees in the up-and-coming generation, Missad and his company's leaders did something.

Universal Forest Products began a specialized school last year to make sure students were well-prepared for employment — and employment at Universal, should they choose to stay. The program is built upon a four-year business administration degree program, but with only the business courses, which makes it a two-year endeavor. Missad stated that 60 percent of traditional undergraduate coursework is not related to a student's major, and his company decided to not emulate that pattern. Full company scholarships are offered and the students receive a 20-hour-per-week paid internship during their two years in the program. The company, with annual sales of \$3.3 billion, is increasing the number of employees it hires from the program.

Nine students enrolled in the company school last year and a class of 11 began this fall. It is clear that this CEO and business decided to rethink education in a bold way, bettering the lives of students while considering both short- and long-term company vitality. Rethinking education and taking action on the issue is a way Missad believes he and other private sector workers are different from government leaders and the political class. "They talk about the same problems for years. If anyone in the private sector dealt with problems the same way, they'd be fired!" The future is brighter for many next-generation workers because of leaders like Missad and his team, who are grounded on free-market principles and dare to think differently. Missad is another shining example of innovative and courageous Mackinac Center supporters who make the active defense of liberty and pursuit of free-market policy possible. ■

Happy Anniversary, Michigan Business Development Program

Dec. 13 marks the sixth anniversary of the Gov. Rick Snyder era in corporate welfare. This is the date he signed into law the Michigan Business Development Program, a new subsidy program that replaces the repealed Michigan Economic Growth Authority. It is high time it gets additional scrutiny.

The MEGA program was a miserable failure on economic grounds and early in his time in office, Snyder repeatedly referred to these refundable tax credits (read: subsidies) as the heroin drip of government. He was not completely opposed to corporate handouts, but criticized the large ones that made state budgeting difficult. He favored instead a smaller program based on annual appropriations, the MBDP.

The partnership gives cash subsidies as well as loans to businesses that promise to create jobs in Michigan. The state pays only after the companies meet certain milestones called out in agreements.

By our count, the state approved 370-plus deals with incentives valued at nearly \$350 million

between March 2012 and June 2017. I qualify the totals with the words “by our count” because the agency that runs this program makes it hard to get a quick, full tally, especially on its failures.

**MICHAEL D.
LAFaIVE**

Once the state office overseeing these sorts of deals revokes an agreement, it makes an announcement in an annual report to the Legislature. But all information about the deal then vanishes from future annual reports. As a result, official documents often includes words such as “monitoring,” but not “revoked.” This practice makes the program that much less transparent, especially for lawmakers looking to get a quick review of its performance.

More than thirty percent of all business partnership deals either have been or are in some form of default as defined by the jobs agency overseeing the program. Default usually comes because the company failed to meet a milestone or some other requirement.

A company may also withdraw based on some change in their plans.

Even then, the state seems to take steps to allow reported

defaults to remain temporary. The report for fiscal year 2016 shows the state offering 38 amendments to previous deals, most of which loosened the original milestones or standards set in subsidy deals.

The agency that runs these programs claimed in its 2016 report that for every \$1 in subsidies, the program would generate \$10 in new state revenue. This claim should be viewed skeptically if for no other reason than that state officials can't prove the company wouldn't have been created without subsidies. Scholarly evidence for state development programs is not flattering; it frequently shows few, if any, net positive gains from them.

The business development program is a relatively small subsidy program that replaced a larger one. The state claims it is successful. But there are compelling reasons — theoretical, practical, historical and empirical — to suggest otherwise.

The program's sixth anniversary may be a good time to perform a deeper review of its purported return on investment.

Michael D. LaFaive is senior director of the Morey Fiscal Policy Initiative at the Mackinac Center.

Past, Present, Future

We've been talking a lot about our history at the Mackinac Center lately. I think it's part of the psychology surrounding anniversaries — we love to think about how far we've come. Sometimes it's preferable to thinking about how far we still have to go.

But it's just as important to look at the future at times like this. That's why we chose to write about the year 2047. Quite frankly, I can't wait to live in that version of Michigan! If we achieve even half the goals we have set, we'll have one of the freest, most prosperous states in the union. That's something to get excited about.

I'll be in my fifties by the time 2047 rolls around. From here, that seems like a long time to wait; I have the patience of the proverbial millennial. Some of the policy seeds we're sowing may take decades to take root, but those ideas are always worth the investment of time and energy, even if we never see the payoff ourselves.

Pension reform is a good example. In 2047, when pension debt has long since bankrupted states like California, Illinois and Connecticut, states that took an unpopular but proactive stance — states like Michigan and Utah — will be thriving. It was a long, hard slog to enact the reform, and it'll be even longer before we see the full effect of its benefits.

There are a lot of long, hard slogs in my personal life, too. I can think of so many fun and practical ways to spend the few thousand dollars I put into my retirement account every year. I'd love to buy a grand piano, pay off some of my higher interest student loans, go on a shopping spree or take a trip to Europe. All of those

things are more fun than watching a retirement savings account slowly accrue interest, but I took my financial literacy crash course. I know what will be waiting for me at age 70 if I'm willing to spend a little less now.



The same is true of my mission to eat less sugar and my frequently broken resolution to exercise instead of watching Netflix. I know the better I am about those habits now, the better off I'll be when being healthy is no longer a given. But it can be hard to see the brighter future if you're too bogged down in the present. When that's the case for me, I like to imagine myself at a point in the future, looking back on where I took my life.

I may still eat more sugar than I should, but at least I don't eat peanut butter and chocolate chips for breakfast every day anymore. And I can be proud of my retirement account — I'd love to have more in it, but it wasn't so long ago that it was entirely empty. I'll get where I'm going eventually, and so will Michigan, but only if we keep pushing for a better future. ■

30 Years OF GIVING INNOVATION

The internet. Robotic surgery. Digital photography. "The Purpose Driven Life." The Hubble Space Telescope. Facebook. High-carb diets. Low-carb diets. GPS.

You'll have your own thoughts on which scientific or cultural innovations have changed our lives the most in the 30 years since the Mackinac Center was founded.

One thing that hasn't changed is the spirit of generous philanthropy that makes the work to advance liberty possible.

As a Mackinac Center donor, you are part of a family of more than 12,000 individuals, corporations and foundations who have supported this work over the past three decades, sending gifts from all 50 states and six other countries.

The policy victories that we describe in this issue of IMPACT are your victories.

Of course, new technology also means new ways to give to the Mackinac Center, including processes that make your giving easy and secure.

For example:

All of our donor records are now digital, stored in a secure, internal, limited-access database. If you have a question about your records, we have your information at our fingertips. (We do keep paper records as required by the IRS.)

You can make a gift to the Mackinac Center online at www.mackinac.org/donate. This is an increasingly popular option for our donors, accounting for six percent of all our gifts in the past year.

Monthly giving is another new option for donors who want to offer regular support in a way that is convenient and consistent. You can set up a monthly gift online, authorizing us to charge your credit card a specific amount each month.

Gifts of stock now can be made electronically from the firm that holds your stock to the Mackinac Center account with Wells Fargo. You also can make a gift directly to our bank account.

You'll see at our Donate page online that the Center has earned a four-star rating from Charity Navigator and a Bronze ranking from Guidestar based on our financial health, accountability and transparency.

The Mackinac Center Legacy Society also is growing, with new and varied options for remembering the Center in your will while also providing for your loved ones.

As always, your gifts to the Mackinac Center — whether by cash, check, online or electronic transfer — are tax-deductible to the full extent allowed by law.

Please contact us if you have questions about any of your giving options. Call 989-631-0900 and ask to speak to an Advancement representative, or send an email to Lorie Shane, the department's managing director, at Shane@mackinac.org.