



# Michigan Public Employee Pay and Benefits Growing

BY JAMES HOHMAN

Spokespersons for Michigan government employee unions contend that they have given up hundreds of millions of dollars in wages and benefit concessions over the past few years. The claims are in dispute, and data from the U.S. Bureau of Economic Analysis offers some support for those challenging them. It shows that since 2000, government-employee compensation in Michigan has increased 11.4 percent, while private-sector employees are getting 5.1 percent less.

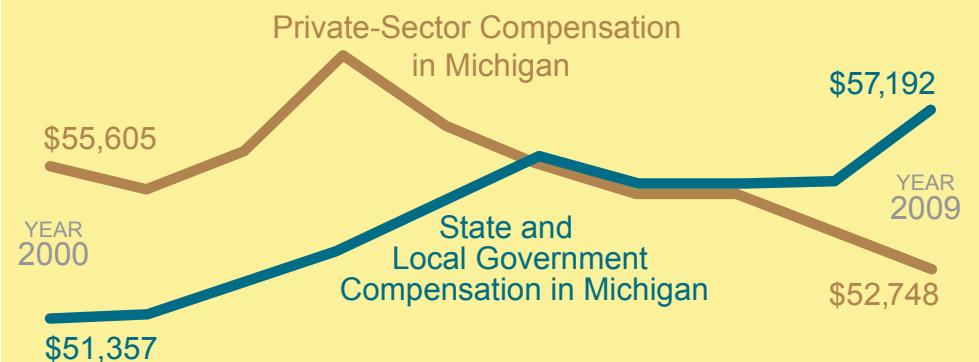
The trend continued in 2009. Average compensation per employee — which includes the value of benefits — was down 2.0 percent for private sector employees but increased 3.6 percent for Michigan's state and local government employees.

Overall, the total amount spent statewide on private-sector compensation, as opposed to the average compensation per worker, was 10.2 percent lower in 2009, while total state and local government compensation increased 2.6 percent. This reflects the contraction of the Michigan private sector workforce last year, as well as the lower level of compensation per worker. ■

The original version of this story was posted online on March 31, 2010.  
It is available with hyperlinks and other information at [www.MichCapCon.com/12438](http://www.MichCapCon.com/12438).

## Public-sector average compensation grows while private sector's decreases

And you thought government budgets were cut to the bone



### INSIDE THE ISSUE



## STIMULUS SPENDING GOES TO BLACK HOLES

BY TOM GANTERT

There was an \$835,000 Michigan State University study on the ecology of plankton, a \$440,000 University of Michigan study on galaxies with black holes and a \$322,000 Eastern Michigan University study on languages of the Arctic.

All were paid for by the American Recovery and Reinvestment Act — the federal stimulus program that Congress approved in 2009 to help jumpstart the economy.

While shovel-ready construction jobs got most of the media attention, there was \$3 billion given out by the National Science Foundation to support academic research as part of the American Recovery and Reinvestment Act.

It raises a question about the stimulus program's approach to solving Michigan's economic woes, said Jack McHugh, senior legislative analyst for the Mackinac Center for Public Policy.

McHugh said the stimulus represented a huge backlog of Democrat spending desires waiting to be released once they had control of the White House and Congress.

"It opened the floodgates to this pent-up political desire," McHugh said. "This thing was just, 'Katy bar the door. What do you want money for?' They got to stick all their little pet stuff in there."

"It puts money into the pockets of well-paid academics who have almost total job security," McHugh said. "It does

See "Black Holes," Page 4

### COMMENTARY

## House Votes to Temporarily Trim Political Staff Benefits

BY KEN BRAUN

A bill that would temporarily trim the taxpayer-provided 401(k) matching payments for employees of the Michigan Legislature was overwhelmingly approved on April 21, on a vote of 91-17. Just three Republicans voted against the measure, along with 14 Democrats. A similar proposal that applies to the lawmakers themselves was approved on a vote of 99-9, with Democrats providing all nine "no" votes.

The 401(k) retirement accounts of full-time legislative employees currently receive

See "Benefits," Page 6

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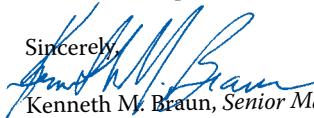
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Kenneth M. Braun, Senior Managing Editor, MICHIGAN CAPITOL CONFIDENTIAL

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# November Is Not a Finish Line, It's a Starting Line

BY JOSEPH G. LEHMAN



News media love a horse-race so they tend to describe everything as one. They grossly oversimplify important, complex political issues, boiling them down to “who wins” and “who loses” with all eyes focused on how today’s news affects the next big election. November may be the biggest election on the horizon, but November is not a finish line. It is a starting line.

The surge in political energy on the right, left and in the middle did not dissipate after the Great Recession fueled historic outcomes in national elections in the fall of 2008. This political energy is still growing into a movement of real power, especially among those most concerned about galloping government growth.

If one were to take cues from the news media and the people running for office, the whole game will be determined when voters go to the polls on Nov. 2. That’s when we’ll know “who wins” and who does not. But that won’t tell us much about the kind of public policy we’ll get. That’s because all we’ll

know then is what the winning candidates promised they would do once elected. It will take a while longer to figure out if they intend to keep their promises.

Starting on Day One, every newly elected lawmaker will face enormous pressure to compromise the very principles on which they campaigned. Special interest groups and incumbent lawmakers with more seniority (especially those who are gerrymandered into so-called “safe seats”) will see to that. Such pressure must be counterbalanced if voters are to have any hope that those they elected will keep their promises.

If voters treat Nov. 2 as a finish line, saying “mission accomplished” after their candidate or their party wins, they remove themselves from the game at the most important moment. The mission is never accomplished by merely electing the right person or party. The mission might be properly begun, but only just begun.

The mission is accomplished over time by holding elected officials accountable for their promises and for the actual results of the policies they enact. It is no longer sufficient, if it ever was, to vote for the right party or the right “good guy” or

gal. What matters is for voters to know how the individual lawmaker actually behaves through his or her votes.

Voters hold lawmakers accountable when voters know how they vote and know the effects of the policies they enact. The lawmakers themselves do not always volunteer complete information because they wish to be re-elected and excused for any bad votes they might have made.

That’s why the Mackinac Center for Public Policy provides tools such as Michigan Capitol Confidential, the MichiganVotes.org database, and this newspaper’s new, online, sister publication at [www.MichCapCon.com](http://www.MichCapCon.com).

Informed voters, especially those who vote in primary elections, have disproportionate influence when they contact lawmakers about their votes. Such voters can counterbalance even powerful interest groups and legislative leaders.

Here is a recent example. Sen. Jason Allen, R- Traverse City, called our office the other day to let us know he had heard from constituents who apparently read in Michigan Capitol Confidential that one of his bills would have opened the door to sweeping unionization of privately employed, in-home health workers. The senate journal now reports that he has offered a substitute bill.

This year in particular, the primary elections on Aug. 3 may be more important than the Nov. general elections. Those August primaries will determine who the voters send

to the November starting line. The primary elections are where new voices have the best opportunities to be heard.

By committing to treat November as a starting line, you can get in on the ground floor of the movement to hold legislators accountable between elections, not just at elections. More is at stake for our nation’s future than at any time in a generation or more.

When the British Army drove the German Afrika Korps from Egypt in 1942 it marked

a turning point in the war. But Winston Churchill warned Britons against treating it as “mission accomplished.” He told them, “Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.”

That war lasted another three years. The fight for liberty and limited government will go on longer than that, unless we stop fighting for it. ■

*Joseph G. Lehman is president of the Mackinac Center for Public Policy.*

## MICHIGAN CAPITOL CONFIDENTIAL

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## BLACK HOLES

from Page One

not put unemployed people to work.”

One University of Michigan researcher, who had a \$78,400 salary in 2009 according to U-M records, received a \$440,112 grant courtesy of the American Recovery and Reinvestment Act.

Her study? She will look at galaxies that harbor supermassive black holes at their centers.

U-M spokesman Rick Fitzgerald said the grant covered the four years' worth of expenses for the researcher and an assistant.

“It puts people to work,” Fitzgerald said. “Just like a road project puts people to work.”

But Leon Drolet, chairman of the Michigan Taxpayers Alliance, questioned why stimulus money went to academic researchers already working in a state decimated by unemployment.

“In the case of the black hole lady ... she already has a job,” Drolet said. “How did it end up supporting her job instead of an unemployed person in Michigan? There is no doubt that money is going to a black hole. It's not helping anyone in this galaxy. It will benefit the pet projects of these government agencies.”

And some of the research wouldn't have been funded had it not been for the federal stimulus program.

According to an e-mail from Caryn Charter, associate director of the officer of research development at Eastern Michigan University, one of their research grants was originally rejected by the National Institutes of Health. But after receiving stimulus money, the NIH went back and funded it.

What was the project?

It was a \$229,238 study to develop and test “the feasibility of using individually tailored theoretically-based intervention



strategies to promote mammography screening among non-adherent Chinese American women.”

“This is not what people had in mind when they said they were stimulating the jobs sector,” said Leslie Paige, a spokeswoman for Citizens Against Government Waste, a taxpayer watchdog group in Washington, D.C. “This is all stuff that would not have been funded, that couldn't pass muster under normal budgeting circumstances. This was a perfect opportunity to bypass the normal budgeting process. Whenever you say, ‘Let's spend \$862 billion as fast as we can,’ that is a prescription for wasteful spending.”

**“There is no doubt that money is going to a black hole. It's not helping anyone in this galaxy. It will benefit the pet projects of these government agencies.”**

**– Leon Drolet, Michigan Taxpayers' Alliance**

There were millions of dollars spent on academic research in this state by the federal stimulus program.

Some other items include:

- \$835,660 to Michigan State University for the study of “complex ecological system

using plankton communities as a model system.” The study summary said it would use mathematical tools to “support investigations of interactions between plankton and creatures that feed on them. ...”

- A \$464,974 MSU study on “contributions of voice pitch, loudness, and speech rate ... to understanding spoken words.”
- A \$421,610 MSU study to improve understanding of low-level jets and the impact of jet streams. The study summary states it is believed that the jet streams are likely “to have a substantial influence on regional weather and climate.”
- A \$322,823 Eastern Michigan

University study that will “work on language mapping, language relationships and language change in the Arctic.”

Drolet said Michigan's unemployed should learn how to become grant writers.

“Learn a skill on how to get handouts from federal and state bureaucracies,” he said. “That is where these jobs monies seem to end up. It almost has nothing to do with what citizens would see as value for that money.” ■

*The original version of this story was posted online on April 23, 2010. It is available at [www.MichCapCon.com/12577](http://www.MichCapCon.com/12577).*

# Two GOP Reps Help Dems Dump Right-to-Work

BY KEN BRAUN

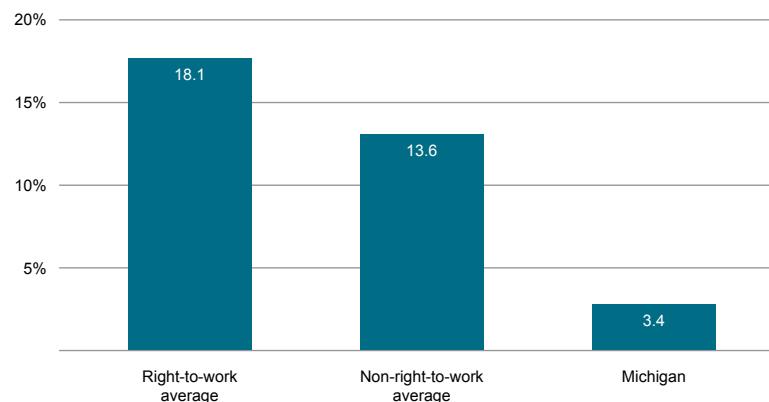
Two Republicans joined a united Democrat caucus in the Michigan House to oppose a recent vote on whether local governments in Michigan should be permitted to create “right-to-work zones.” Within these proposed zones, employers would be prohibited from compelling an employee to join a union under threat of either being fired or never hired in the first place. Free-market labor analysts have repeatedly noted that there is a strong correlation between a state’s economic growth and whether it provides right-to-work protections to its workers. And polling data has indicated strong public support for Michigan becoming a right-to-work state.

**Michigan was one of the worst non right-to-work performers, growing by just 3.4 percent.**

Senate Bill 945, sponsored by Sen. Nancy Cassis, R-Novi, is the legislation that would allow local governments to create the right-to-work zones. Though it has not yet received a vote in the Michigan Senate, that didn’t stop state Rep. Tom McMillin, R-Rochester Hills, from forcing the Michigan House of Representatives to pass judgment on the bill.

On March 2, the Democrat majority that controls the Michigan House took up for consideration House Bill 5808, legislation that would expand the number of businesses getting money from Lansing. McMillin is a strong critic of Michigan government engaging

## Total Percentage Growth in State Gross Domestic Product, 2001-2006



*Even Louisiana and Mississippi — two right-to-work states that saw massive economic damage due to being hit by Hurricane Katrina during the period under examination — were still able to substantially exceed the GDP growth of Michigan.*

in central planning of this sort, noting that the free market — rather than state bureaucrats — should be deciding who the success stories are in the Michigan economy.

He is also a strong supporter of making Michigan into a right-to-work state.

Because a Democrat-run House is not likely to consider a right-to-work measure voluntarily, due to what is generally understood as a closer affiliation with Michigan’s labor union bosses, McMillin offered up a “tie-bar” amendment, linking HB 5808 to SB 945. If his amendment had been adopted, it would have placed a condition on HB 5808, preventing it from becoming law unless SB 945 was also enacted. (McMillin has developed into something of a guerrilla fighter when it comes to opposing legislation with the amendment process. See also: [www.MichCapCon.com/11222](http://www.MichCapCon.com/11222).)

The Democrat majority held together and voted down McMillin’s right-to-work tie-bar on a vote of 65-41.

And the Democrats were joined by Republicans Tory Rocca, R-Sterling Heights, and Ken Horn, R-Frankenmuth.

This is not the first attempt by Republicans in the House to tie-bar a right-to-work proposal to a bill favored by the Democrat majority running the Michigan House. In the fall of 2008, Rep. Arlan Meekhof, R-West Olive, offered up a similar amendment. It too was defeated, 69-35. That day as well, Rocca and Horn were amongst 14 Republicans voting with the Democrat majority against the Republican-sponsored right-to-work tie-bar. (See also: [www.MichCapCon.com/10312](http://www.MichCapCon.com/10312).)

Supporters of bringing right-to-work to Michigan may be able to draw some encouragement from the latest vote in the House, as

fewer Republicans are now voting against the policy. The Meekhof tie-bar in 2008 was to a bill that would have made all of Michigan a right-to-work state, rather than just allowed any local government to create a specified right-to-work zone. Six of the Republicans who voted against the Meekhof right-to-work tie-bar in 2008 decided instead to vote in favor of the McMillin version in March. The other six Republicans voting against the Meekhof tie-bar left office after the 2008 election.

A 2007 analysis by Mackinac Center labor policy director Paul Kersey examined the correlation between a state’s economic success and its adoption of a right-to-work law. Looking at the five-year period from 2001-2006, Kersey reported that states with right-to-work laws increased their gross state product by 18.1 percent, while states without

a right-to-work law saw GSP grow by just 13.6 percent. Michigan was one of the worst non right-to-work performers, growing by just 3.4 percent.

Even Louisiana and Mississippi — two right-to-work states that saw massive economic damage due to being hit by Hurricane Katrina during the period under examination — were still able to substantially exceed the GSP growth of Michigan.

The MichiganVotes.org roll call for McMillin’s right-to-work tie bar is to the upper right.

Contact information for lawmakers is available on Pages 12 and 14. ■

*The original version of this story was posted online on April 19, 2010. It is available with hyperlinks and other info at [www.MichCapCon.com/12537](http://www.MichCapCon.com/12537).*

## Check MichiganVotes.org

**“Right to Work”:** Lawmakers VOTING FOR the amendment to support local right-to-work zones:

### HOUSE REPUBLICANS (41)

Agema, Amash, Ball, Bolger, Booher, Calley, Caul, Crawford, Daley, Denby, DeShazor, Elsenheimer, Genetski, Green, Haines, Hansen, Haveman, Hildenbrand, Rick Jones, Knollenberg, Kowall, Kurtz, Lori, Lund, Marleau, McMillin, Meekhof, Meltzer, Moore, Moss, Opsommer, Pavlov, Pearce, Proos, Rogers, W. Schmidt, Schuitmaker, P. Scott, Stamas, Tyler, Walsh

### HOUSE DEMOCRATS (NONE)

Lawmakers VOTING AGAINST right-to-work zone amendment:

### HOUSE REPUBLICANS (2)

Horn, Rocca

### HOUSE DEMOCRATS (63)

Angerer, Bauer, Bledsoe, T. Brown, L. Brown, Byrnes, Byrum, Clemente, Constan, Corriveau, Cushingberry, Dean, Dillon, Donigan, Durhal, Ebli, Espinoza, Geiss, Gonzales, Gregory, Griffin, Haase, Hammel, Haugh, Huckleberry, Jackson, Johnson, Robert Jones, Kandrevas, Kennedy, Lahti, LeBlanc, Leland, Lemmons, Lindberg, Lipton, Liss, Mayes, McDowell, Meadows, Melton, Miller, Nathan, Nerat, Neumann, Polidori, Roberts, R. Schmidt, B. Scott, Scripps, Segal, Sheltrown, Slavens, Slezak, Smith, Spade, Stanley, Switalski, Tlaib, Valentine, Warren, Womack, Young

Legislators who DID NOT VOTE:

Barnett (D), Bennett (D), Coulouris (D)

2010 House Roll Call 50 on HB 5808

## BENEFITS

from Page One

two forms of subsidy from taxpayers:

1. An annual and automatic supplement equal to 4 percent of the employee's salary, regardless of whether the employee voluntarily provides any funding at all to their own retirement account; and

2. An additional supplement that can equal up to another 3 percent of salary. This is a dollar-for-dollar match, available only if the employee elects to contribute to their own 401(k) account from their own paycheck. (Workers may contribute more than 3 percent of their own money, but the dollar-for-dollar match does not apply beyond that point.)

House Bill 6011 would suspend the 3 percent matching payment benefit for one year, but would continue the four percent of salary automatic contributions. House Bill 6012 would make a roughly similar change for lawmaker 401(k) plans. If these become law, the Michigan House Fiscal Agency estimates a total one year savings of \$1 million.

Lawmakers are currently trying to close a projected gap of \$1.7 billion between the spending they'd currently prefer to make for the next fiscal year and the tax dollars that they anticipate having available.

The "Pension Rights Center" has tabulated more than 300 large public and private American employers that have announced the suspension of at least part of their supplemental 401(k) payments and/or matching contributions since 2008. In each case, these announcements state concerns about the need to remain financially viable during the difficult economic times that have been confronting the nation. Mecklenburg County in North Carolina and a New Jersey public transit authority are two of the most recent,

and earlier ones have touched every corner of the American workforce. Examples include: FedEx; General Motors; JP Morgan; American Express; the PGA Tour; Lincoln, Neb.; a teacher's union local in Massachusetts; the Corporation for Public Broadcasting; Kelly Services; the Grand Rapids Symphony; and Michigan-based furniture-makers Steelcase and Herman Miller.

Last summer, the Lincoln Journal-Star in Lincoln, Neb., reported that the mayor and some city council members were getting an earful about the retirement matching payments to that city's public employees.

"They're asking why our tax dollars are financing retirements that they themselves can't," said the mayor to the newspaper, quoting the concerns of his constituents.

Rep. Fred Miller, D-Mt. Clemens, is one of the 17 in the Michigan House to vote against House Bill 6011. He characterized the 3 percent matching payment for legislative employees as only a "meager" benefit, but that its temporary suspension would nonetheless risk "potentially jeopardizing" their retirement security. Miller further noted that legislative employees should be unionized so that they can better protect their benefits from the lawmakers who supervise them.

Rep. Pete Lund, R-Shelby Township, also voted against suspending the benefit, one of three Republicans to do so. The MIRS newsletter (subscription only) says that Lund voted "no" because "legislative staffers are non-union workers who would be shouldering a significant cut in benefits at a time when union workers are receiving a 3 percent raise on Oct. 1."

This is in reference to a pay raise that had been negotiated by the Democrat governor's administration. The state constitution requires that

negotiated raises take effect unless a super-majority of both chambers in the Legislature vote to reject them. The Michigan Senate made repeated attempts this spring to gain the needed super-majority, but failed each time. The Michigan House made no attempts. The deadline to reject has expired, and the raise will go into effect with an estimated additional cost to the taxpayers of more than \$77 million over the next fiscal year.

**Last summer, the Lincoln Journal-Star in Lincoln, Neb., reported that the mayor and some city council members were getting an earful about the retirement matching payments to that city's public employees.**

**"They're asking why our tax dollars are financing retirements that they themselves can't," said the mayor to the newspaper, quoting the concerns of his constituents.**

The other Republicans to reject suspending the matching payments for the legislative workers were Rep. Rick Jones of Oneida and Bill Caul of Mt. Pleasant. Each of them and Lund did vote for House Bill 6012, which suspended the matching payments for the lawmakers.

The MichiganVotes.org roll call for House Bill 6011 is reproduced to the right.

Contact information for lawmakers is available on Pages 12 and 14. ■

*The original version of this story was posted online on May 5, 2010. It is available with hyperlinks and more info at [www.MichCapCon.com/12648](http://www.MichCapCon.com/12648).*

## Check MichiganVotes.org

**"Political Staff Benefits":** Lawmakers who voted TO SUSPEND legislative staff's taxpayer-financed 401(k) contribution for one year:

### HOUSE REPUBLICANS (40)

Agema, Amash, Ball, Bolger, Booher, Calley, Crawford, Daley, Denby, DeShazor, Elsenheimer, Genetski, Green, Haines, Hansen, Haveman, Hildenbrand, Horn, Knollenberg, Kowall, Kurtz, Lori, Marleau, McMillin, Meekhof, Meltzer, Moore, Moss, Opsommer, Pavlov, Pearce, Proos, Rocca, Rogers, W. Schmidt, Schuitmaker, P. Scott, Stamas, Tyler, Walsh

### HOUSE DEMOCRATS (51)

Angerer, Barnett, Bauer, Bledsoe, L. Brown, T. Brown, Byrnes, Byrum, Clemente, Constan, Corriveau, Coulouris, Dean, Dillon, Durhal, Ebli, Espinoza, Geiss, Gonzales, Gregory, Griffin, Haase, Hammel, Haugh, Huckleberry, Johnson, Robert Jones, Kandrevas, Kennedy, LeBlanc, Lemmons, Liss, Mayes, McDowell, Melton, Nerat, Neumann, Polidori, Roberts, R. Schmidt, B. Scott, Scripps, Segal, Sheltroun, Slavens, Slezak, Spade, Stanley, Switalski, Valentine, Womack

Lawmakers who voted NOT TO SUSPEND legislative staff's taxpayer-financed 401(k) contribution for one year:

### HOUSE REPUBLICANS (3)

Caul, Lund, Rick Jones

### HOUSE DEMOCRATS (14)

Bennett, Donigan, Jackson, Lahti, Leland, Lindberg, Lipton, Meadows, Miller, Nathan, Smith, Tlaib, Warren, Young

Legislators who DID NOT VOTE:

Cushingberry (D)

2010 House Roll Call 143 on HB 6011

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# Opposition Grows to Dept. of State Modernization Plan

Seven GOP join latest effort to block budget savings

BY KEN BRAUN

While nearly all of the Republican lawmakers in Lansing have been generically very eager to proclaim their desire to cut the cost of state government — and for reductions in the cost of the state workforce in particular — some have been voting down the Secretary of State's effort to actually implement a specific plan to do so when it impacts their interests.

On Feb. 24, the Michigan House took yet another shot at slowing down Secretary of State Terri Lynn Land's ongoing "Branch Office Modernization Program." Making use of limited funding, yet providing expanded hours and more access to time-saving technology has been the stated goal of the program since its inception in 2004. But it has been frequently opposed by some lawmakers because some of its cost savings come from closing the conventional "brick and mortar" branch offices in their districts.

This most recent effort to stymie the modernization

plan, House Bill 5811, was approved on a vote of 71-36, despite objections of and formal opposition from the Department of State. Though blocking modernization has mostly been a Democrat-supported effort, seven Republicans were among the 71 "yes" votes.

Michiganvotes.org defines the bill as such:

"[Would] impose a moratorium on cost-cutting closures of Secretary of State offices until certain bureaucratic procedures specified in the bill are adopted. These would require balancing cost savings, public convenience and access to public transportation systems when closures are considered, and require that advance notice be given to local governments and the Legislature."

The modernization program has recently become a favorite target for the Democrat-controlled Michigan House. HB 5811 was the second bill voted on by the House just in the month of February aimed at stalling Land's program, and the third since December 2009 (see:

www.MichCapCon.com/12060). Interestingly, HB 5811 received more votes — and more GOP votes — than either of the previous two attempts. All three bills are now pending before the Michigan Senate.

Renewing license plate tabs is one of the main reasons that most Michigan residents interact with a Department of State office. This was once an arduous process involving taking a number at a branch office — usually only during business hours — and then waiting patiently. But today, self-service machines at 27 branches allow Michigan motorists to renew their plates 24 hours a day, seven days a week, on their own schedule. Machines at 32 other locations offer the same service during business hours and after, albeit not at every hour of the day or night.

Demonstrating the popularity of the self-serve option, Land's office says these machines were used for 224,000 tab renewals last year — a 70 percent increase over the previous year — and that 11 more machines will be added in the very near future. Just 30,000 renewals using the self-serve machines took place five years ago.

"Self-Service Stations have saved thousands of hours of our customers' time," Land said. "They remain an important part of this department's commitment to providing efficient, quality service while overcoming budgetary challenges."

Doing business such as tab renewals online or through the mail rather than going to the old-line brick and mortar branch offices has also become a popular option that saves time and money for all involved.

See "Modernization Plan," Page 8

# New Law Allows Some to Collect State Pension and a Paycheck

BY KEN BRAUN

A new law will allow retired nurses who worked for the state Department of Corrections to return to a job with the department on a part-time basis and collect both their full pension payout and a salary. This "double dipping" by state workers is prohibited by a 2007 law, according to the House Fiscal Agency. The new bill was advanced because the Department of Corrections states that it has a nursing shortage and is in need of an enticement to bring more help to their facilities.

A memo from the Senate Fiscal Agency indicates that the policy might bring about "modest savings" for the department.

However, the SFA also notes that savings for the Department of Corrections could come at a cost in another area because it will encourage current nurses to retire early and then return for the salary on top of their full pension payout. To the extent that this occurs, it will increase claims against the state's public employee pension system.

The Department of Corrections testified in favor of the bill when it was in the House Judiciary Committee. The legislation was also endorsed by the United Auto Workers Local 6000, a Michigan state employees' union.

On March 17, 2010, the Michigan Senate voted 37-1 to approve the bill. The lone dissenting vote was Sen. Michael "Mickey" Switalski, D-Roseville.

Shortly thereafter, on April 13, the Michigan House voted 100-7 to approve the bill. The dissenting votes were all Republicans.

Switalski gave a short

"This bill changes the law to allow workers already drawing a public pension to draw a second paycheck. It gives the lucky ones two checks while the unemployed get none. Regrettably, this practice is growing."



— Michigan Sen. Mickey Switalski, D-Roseville

address in the Michigan Senate, just before the vote in that chamber, explaining his concerns with the legislation. His remarks are reprinted below.

On April 22, Gov. Granholm signed the bill. It is now Public Act 54 of 2010.

A MichiganVotes.org listing of the roll call vote in both chambers is on page 8.

Contact information for all lawmakers is available on pages 12 and 14.

Senator Switalski's statement is as follows:

*I must rise in opposition to this bill, although by itself it might be an acceptable bill with a few changes. It is an example of a growing practice that is bad policy. It is a growing practice that is incompatible with what should be our No. 1 public policy goal because our biggest problem in the state is jobs and unemployment.*

*This bill does not create new jobs for people who are laid off or unemployed. This bill changes the law to allow workers already drawing a public pension to draw a second paycheck. It gives the lucky ones two checks while the unemployed get none. Regrettably, this practice is growing. It is an element in the Governor's retirement reform package. Current employees could retire and return part-time to do the same job. We have a growing number of contract*

See "Pension and Paycheck," Page 8

## Michigan Capitol Confidential

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## MODERNIZATION PLAN

from Page 7

“For example,” notes a news release from the department, “there were 2 million fewer branch office transactions in fiscal year 2009 than in fiscal year 2007.”

Empowering hundreds of thousands of citizens to do their Secretary of State business on their own means much less need for so many conventional branch offices and for the employees who staff them. Land’s office notes that this allows her department to stretch its limited dollars, claiming that total branch staffing is now 20 percent lighter as a result of the modernization plan. And, happily enough for her state employee workforce, all of this staff reduction has taken place “through attrition.”

Rep. Ken Horn, R-Frankenmuth, is a Republican who voted for HB 5811 and for both of the other bills that would establish roadblocks in front of the modernization plan. Along with Sen. Roger Kahn, R-Saginaw, he collected petitions from area residents to protest a planned consolidation of the Frankenmuth office with one in Saginaw, because consolidation would result in the elimination of the Frankenmuth location.

“It’s disappointing the Secretary of State’s office failed to recognize how important its branch office is to the Frankenmuth community,” said Horn in a media release to a local TV station in January.

A few weeks earlier, he told the Saginaw News: “The secretary of state’s office needs to throw out the computer models and go eyeball to eyeball with the people they serve in Frankenmuth, the senior citizens and farmers who rely on the Frankenmuth branch for important state services.”

Kahn’s office added the

following statement:

“Closing the Frankenmuth office and consolidating it with a branch in Saginaw Township to offer ‘enhanced’ services makes no sense when the people of Frankenmuth will have to drive more than 40 miles round trip every time they register to vote or renew their license plate tabs. This just doesn’t make sense.

“While many service improvements have been made in recent years, the secretary of state should stay focused on bringing services closer to the people — not making them drive further and further just to receive assistance. Shutting down this office is a mistake.”

Leon Drolet, a former state representative and now the head of the Michigan Taxpayers Alliance, has little patience for Republican lawmakers who talk tough on spending but then

refuse to support what he says are reasonable cost reductions.

“Nobody’s life is depending upon renewing their license plate in person,” he said, noting the online, by-mail and self-serve options. “Everybody is willing to make cuts when it’s somebody else’s district, but a statesman is the one who is willing to cut their own.”

Of their priorities, he accused the GOP defectors of being “Politicians first, [Republican] partisans second ... and defenders of the taxpayer only a very distant third.”

The Michiganvotes.org roll call for House Bill 5811 is below.

Contact information for all lawmakers is located on Pages 12 and 14. ■

*The original version of this story was posted online on April 9, 2010. It is available with hyperlinks and other info at [www.MichCapCon.com/12487](http://www.MichCapCon.com/12487).*

## Check MichiganVotes.org

**“Modernization Plan”:** Lawmakers VOTING for the bill and thus TO SLOW DOWN PROGRESS ON THE SECRETARY OF STATE’S COST-SAVING CONSOLIDATION PLAN:

### HOUSE REPUBLICANS (7)

Crawford, Hansen, Horn, Kurtz, Pearce, Rocca, Tyler

### HOUSE DEMOCRATS (64)

Angerer, Barnett, Bauer, Bledsoe, L. Brown, T. Brown, Byrnes, Byrum, Clemente, Constan, Corriveau, Coulouris, Cushingberry, Dean, Dillon, Donigan, Durhal, Ebli, Espinoza, Geiss, Gonzales, Gregory, Haase, Hammel, Haugh, Huckleberry, Jackson, Johnson, Robert Jones, Kandrevas, Kennedy, Lahti, LeBlanc, Leland, Lemmons, Lindberg, Lipton, Liss, Mayes, McDowell, Meadows, Melton, Miller, Nathan, Nerat, Neuman, Polidori, Roberts, R. Schmidt, B. Scott, Scripps, Segal, Sheltroun, Slavens, Slezak, Smith, Spade, Stanley, Switalski, Tlaib, Valentine, Warren, Womack, Young

Lawmakers voting TO SUPPORT the modernization plan:

### HOUSE REPUBLICANS (35)

Agema, Amash, Ball, Bolger, Booher, Calley, Caul, Daley, Denby, DeShazor, Elsenheimer, Genetski, Haines, Haveman, Hildenbrand, Rick Jones, Knollenberg, Kowall, Lori, Lund, Marleau, McMillin, Meekhof, Meltzer, Moore, Moss, Opsommer, Pavlov, Proos, Rogers, W. Schmidt, Schuitmaker, P. Scott, Stamas, Walsh

### HOUSE DEMOCRATS (1)

Griffin

Legislators who DID NOT VOTE:

Bennett (D), Green (R)

2010 House Roll Call 37 on HB 5811

## PENSION AND PAYCHECK

from Page 7

*employees in state government who too often are retired state employees who walk through a revolving door and return doing the same job at twice the pay; while low-seniority state employees are laid off to free up funds to pay the contractors.*

*Then we have the worse abuse, the DROP program that allows State Police to collect their pension without ever retiring for five years. We laid*

*off troopers last year while we were providing others a chance to double dip. This hurts the solvency of the retirement fund and wastes the money we spend on a troopers school.*

*These practices in this bill are incompatible with our goals of reducing unemployment in Michigan. The policy must change. ■*

*The original version of this story was posted online on March 29, 2010. It is available with hyperlinks and other info at [www.MichCapCon.com/12353](http://www.MichCapCon.com/12353).*

## Check MichiganVotes.org

**“Pension and Paycheck”:** Lawmakers who voted IN FAVOR of allowing “double dipping” for some state employees:

### SENATE REPUBLICANS (22)

Allen, Birkholz, Bishop, Brown, Cassis, Cropsey, Garcia, George, Gilbert, Hardiman, Jansen, Jelinek, Kahn, Kuipers, McManus, Nofs, Pappageorge, Patterson, Richardville, Sanborn, Stamas, Van Woerkom

### SENATE DEMOCRATS (15)

Anderson, Barcia, Basham, Brater, Cherry, Clark-Coleman, Clarke, Gleason, Hunter, Jacobs, Olshove, Prusi, Scott, Thomas, Whitmer

### HOUSE REPUBLICANS (36)

Ball, Bolger, Booher, Calley, Caul, Crawford, Daley, Denby, DeShazor, Elsenheimer, Green, Haines, Hansen, Haveman, Hildenbrand, Horn, Rick Jones, Knollenberg, Kowall, Kurtz, Lori, Lund, Marleau, Moore, Moss, Opsommer, Pavlov, Pearce, Proos, Rocca, Rogers, W. Schmidt, Schuitmaker, Stamas, Tyler, Walsh

### HOUSE DEMOCRATS (64)

Angerer, Barnett, Bauer, Bennett, Bledsoe, L. Brown, T. Brown, Byrnes, Byrum, Clemente, Constan, Corriveau, Coulouris, Dean, Dillon, Donigan, Durhal, Ebli, Espinoza, Geiss, Gonzales, Gregory, Griffin, Haase, Hammel, Huckleberry, Jackson, Johnson, Robert Jones, Kandrevas, Kennedy, Lahti, LeBlanc, Leland, Lemmons, Lindberg, Lipton, Liss, Mayes, McDowell, Meadows, Melton, Miller, Nathan, Nerat, Neumann, Polidori, Roberts, R. Schmidt, B. Scott, Scripps, Segal, Sheltroun, Slavens, Slezak, Smith, Spade, Stanley, Switalski, Tlaib, Valentine, Warren, Womack, Young

Lawmakers who voted AGAINST allowing “double dipping” for some state employees:

### SENATE REPUBLICANS (NONE)

### SENATE DEMOCRATS (1)

Switalski

### HOUSE REPUBLICANS (7)

Agema, Amash, Genetski, McMillin, Meekhof, Meltzer, P. Scott

### HOUSE DEMOCRATS (NONE)

Legislators who DID NOT VOTE:

Rep. Cushingberry (D), Rep. Haugh (D)

2010 Senate Roll Call 122 on HB 4248  
2010 House Roll Call 130 on HB 4248

# WINDMILLS POWER CONTROVERSY ON GREAT LAKES

BY TOM GANTERT

What's 410 feet tall, makes a humming sound and could be at a lake near you soon?

Answer: Wind turbines — an alternative source of power that is creating a stir on both sides of the state.

Lake St. Clair is the latest target for 160 wind turbines, according to State Rep. Timothy Bledsoe, D-Grosse Pointe Farms. Bledsoe said the turbines are as tall as a 40-story building and 50-plus turbines will be clustered together in each field. He said the turbines would be three to four miles off the shoreline.

"Overwhelmingly, there is anxiety of the location of these in Lake St. Clair," Bledsoe said. "Lake St. Clair is too small and too shallow to get reliable wind during the summer months. I'm highly skeptical of the wind potential."

Bledsoe said he has sailed on the lake and said the turbines would have a negative impact on recreational use of the lake.

"It would definitely be problematic in my enjoyment of the lake," he said.

SouthPoint Wind, the Canadian developer pitching the wind turbine plan, didn't return messages seeking comment.

But answers may be hard to come by involving wind turbines located offshore in fresh water.

The Great Lakes Commission is an agency that oversees development of the Great Lakes and works with the Canadian provinces of Ontario and Quebec.

Victoria Pebbles, program director for the Great Lakes Commission, said much of the

impact of wind turbines on the water is unknown because it is a new technology. She said most of the research involved wind turbines in saltwater environments.

Communities on Lake St. Clair are not the first in Michigan to deal with the possibility of wind turbine neighbors.

There is a \$4 billion plan to put wind turbines six miles off Grand Haven's shore on the west side of the state, according to the Grand Haven Tribune.

Roger Bergman, Grand Haven's mayor, said many of the questions residents have concerning financial and environmental impact have not been answered.

"So often all they are hearing is these concerns that may or may not be factual," Bergman said. "I don't have the facts. I don't know if it is true that these things do cause a problem in terms of fish and birds and things like that. ... It's awful easy to say, 'No. We don't want wind mills because we heard they are ugly or we heard they were loud.' It's important to get the facts. This could be a huge negative political football if we let it



STATE REP. TIMOTHY BLEDSOE  
D-Grosse Pointe Farms

become that. It should be pretty straightforward."

Russ Harding, former director of Michigan's Department of Environmental Quality and current director of the Mackinac Center for Public Policy's Property Rights Network, said the turbines would be a "huge visual intrusion."

"Part of the reason you go to a lake is for the scenic beauty," Harding said. "It's like putting an industrial complex in a recreational area."

And wind power is not efficient, Harding said.

"Our peak need for energy in Michigan is a hot day during the summer. That's when the wind isn't blowing. The very time you need it the most is

See "Windmills," Page 10

# Death for Ann Arbor's Living Wage?

BY TOM GANTERT

One of the entry-level jobs at the city of Ann Arbor's waste transfer station entails separating glass bottles from aluminum as they come down a conveyor belt.

For that job, FCR, the company that manages the waste station, usually pays the minimum wage of \$7.40 an hour.

But because the city of Ann Arbor passed a "living wage" ordinance, those sorters make \$13.06 an hour this year. Thanks to a deal struck with the city council, the city reimburses FCR so that it can pay the higher "living wage."

But a recent Michigan Supreme Court decision may invalidate such

# Lawmaker Says 'Willful Neglect' Is the Rule at Embattled State Agency

BY TOM GANTERT

The state's "flagship" economic development program may have doled out an estimated \$150 million in tax credits erroneously in the last five years to companies that didn't meet the criteria due to a lack of oversight, according to State Rep. Tom McMillin, R-Rochester Hills.

McMillin met with the state Auditor General's office after it released a report this week that said the state didn't follow up on company job projections that often fell short of required triggers to receive tax credits but still received the money.

The report comes a little more than a month after it was learned that the Michigan Economic Growth Authority board approved a \$9.1 million tax credit to Richard Short, a convicted embezzler who was CEO of a company named Renewable and Sustainable Companies LLC. The Flint Journal reported that at the same time he was working on the MEGA deal, Short was scamming thousands of dollars from an 86-year-old neighbor with dementia.

The Auditor General report found several problems with the Michigan Strategic Fund's oversight of the MEGA tax credit program. The audit concluded that the MSF's procedures were

See "Neglect," Page 10

arrangements, as cities no longer have the authority to mandate wages with contractors they hire, says Paul Kersey, director of labor policy at the Mackinac Center for Public Policy.

Last September, the Michigan Court of Appeals found that Detroit's living wage ordinance was invalid under state law, upholding a 1923 decision, *Lennane v. Detroit*. Earlier this month, the Michigan Supreme Court decided by a 6-1 vote not to hear an appeal on the Court of Appeals' decision.

Kersey said that leads him to believe the living wage ordinances are invalid in the dozen-or-so communities that have them.

City of Ann Arbor city attorney Stephen Postema said his

office is looking into the matter.

Kersey said someone will have to file suit in each of the communities to invalidate the ordinances.

"The next step is for an individual or a company in Ann Arbor who is affected by this legislation to file suit to have the law set aside," Kersey said.

In Ann Arbor, the living wage is \$11.71 per hour if the company provides insurance and \$13.06 an hour if no insurance is provided. Companies with fewer than five employees and nonprofits with fewer than 10 employees are exempt. ■

The original version of this story was posted online on April 29, 2010. It is available at [www.MichCapCon.com/12612](http://www.MichCapCon.com/12612).

## WINDMILLS

from Page 9

when you generate the least,” Harding said. “There is no wind farm anywhere in the world that operates more than 30 percent of the time.”

**“Our peak need for energy in Michigan is a hot day during the summer. That’s when the wind isn’t blowing. The very time you need it the most is when you generate the least.” – Russ Harding, Mackinac Center for Public Policy.**

“Wind is not a primary source of energy.”

Nick Schroeck, executive director of the Great Lakes Environmental Law Center, said wind turbines are “part of the puzzle.”

“We are potentially putting these things on a body of water that has tons of use that people recreate on and live around,” he said. “We do have to have some wind energy development. We just have to be smart where we put them. We are going to put them somewhere.” ■

*The original version of this story was posted online on April 21, 2010. It is available at [www.MichCapCon.com/12561](http://www.MichCapCon.com/12561).*

## NEGLECT

from Page 9

“moderately effective.”

McMillin said he was considering calling for legislative hearings to get more information and wouldn’t rule out getting the companies to return the unearned tax credits.

The Michigan Economic Development Corp. didn’t dispute many of the findings and vowed to fix the oversights.

“MEDC has implemented enhanced pre- and post-audit procedures, which include conducting onsite visits and validating individual payroll records, such as W-2s,” MEDC spokeswoman Bridget Beckham wrote in an e-mail.

But critics were skeptical.

“The MEDC is failing in administrating the MEGA program,” said James Hohman, a fiscal policy analyst with the Mackinac Center for Public Policy.

Hohman said the MEDC failed to verify the jobs claims made by companies and still gave out tax credits that were not justified by the agreements.

“Here’s the state’s flagship economic development program, the Auditor General is showing clearly the MEDC is not a good administrator, and are likely to have wasted taxpayers money,” he noted.

McMillin called the Auditor General report “extremely troublesome.”

“There was certainly a level of willful neglect,” he said.

“They certainly celebrated when people said they created jobs, whether they were actually created or not.”

McMillin said he realized some of the errors may not have been on the scale of RASCO, but said he was concerned that there were similar attempts to defraud the state of money.

Beckham stated in an e-mail that the MEDC awarded about 600 MEGA tax credits and never encountered a situation like RASCO.

But McMillin said the Auditor General report shows that the state wasn’t even looking for fraud.

“If you don’t actually look at the documents, then you are not going to find anything,” McMillin said. “When you turn a blind eye, anything can happen. They haven’t seen it, but they weren’t looking. ...

It was the fox guarding the henhouse.”

Among the findings in the Auditor General’s report:

- One company didn’t meet the wage requirement to qualify for the tax credit. Instead, the company used its own projections to boost the average wage high enough to qualify and was awarded a tax credit of \$185,675. The audit found that this happened with 3 of the 40 tax credit certificates reviewed. The Michigan Strategic Fund didn’t dispute the finding in the Auditor General’s report. Instead, they said they would amend their policy to allow projections to be used. (McMillin states that a single quarter’s worth of higher wages were being extrapolated out as if the wage payments had been maintained for a full year.)
- The MSF didn’t get the

detailed data necessary to validate tax credit certificates given to companies. The audit found 10 of the 15 companies reviewed didn’t submit required information.

- The MSF didn’t always check data provided by companies through a third party or by requesting detailed employee records. The audit found that as many as 26 percent of the employees were potentially ineligible for the tax credits in the 15 audits reviewed. The audit states that the MSF approved \$2.6 million in tax credits for potentially ineligible employees. The MSF didn’t dispute the finding. ■

*The original version of this story was posted online on April 27, 2010. It is available with hyperlinks and other info at [www.MichCapCon.com/12605](http://www.MichCapCon.com/12605).*

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# TEA PARTY DAY 2010

BY TOM GANTERT

Theresa Dickerson stood among nearly 1,000 Tea Party protesters on April 15 with a common complaint.

She was tired of another misconception in the media about the movement she had heard earlier in the day. Dickerson, of Middleville, said a commentator was chastising Tea Partiers for not wanting any taxes.

"We don't want to abolish all taxes," Dickerson said. "We want to cut out all the waste and all the favoritism that goes on."

Thousands of Tea Party activists came out on April 15 all across Michigan. Dickerson said she thinks she is typical of the Tea Party movement.

She understands a third party is not "viable."

**[Theresa Dickerson] used to give money to the state and national GOP, but stopped doing that in 2004 because "I was tired of the party putting their money behind weak candidates."**

She is disillusioned by the GOP but has not abandoned it. She used to give money to the state and national GOP, but stopped doing that in 2004 because "I was tired of the party putting their money behind weak candidates."

Now, she does her own research and gives directly to candidates and the Tea Party organizations she supports.

"I still consider myself a Republican," Dickerson said. "But that's not the first thing I am anymore."

Dickerson said she is a patriot first, then a conservative and then a Republican.

And she researches who she will vote for.



She says a central theme of the Tea Party movement is self-education on political candidates.

"A great deal (of this) is know who you are putting in office," she said. "That is how we got here."

"The thing I look for is: Who will do the least amount of damage to the Bill of Rights and Constitution, and who is going to grow government the least?"

Deborah Shreve-Cowalczyk of Hudsonville said the crowd of 1,000 was just 'the tip' of a growing movement that is angered by how it is described in the media and by politicians who don't listen.

"This is a fraction of what the movement is," Shreve-Cowalczyk said. "There are a lot of people who are sick of this. ... This country is not what the Founding Fathers envisioned."

"It's not the Tea Party anymore. It's the pissed off party."

Earlier in the day, about 900 people showed up in a mall parking lot in Hudsonville.

Hillsdale College student T. Elliot Gaiser was one of the event's speakers.

Gaiser said the Tea Party movement has become unprecedented in terms of anything he's studied involving a conservative movement.

"The Reagan Revolution didn't have anything like this," Gaiser said after speaking. "The Contract With America didn't have anything like this. People standing in a parking lot at noon to have their voices heard on a hot day like this." ■

*The original version of this story was posted online on April 16, 2010. It is available at [www.MichCapCon.com/12529](http://www.MichCapCon.com/12529).*

# Michigan Film Subsidies: Two Years, \$117m — and No Film Job Growth

BY JAMES HOHMAN

It has been two years since Michigan's film subsidy program became law, which is sufficient for it to have gotten off the ground and had some measureable impact on the state's economy.

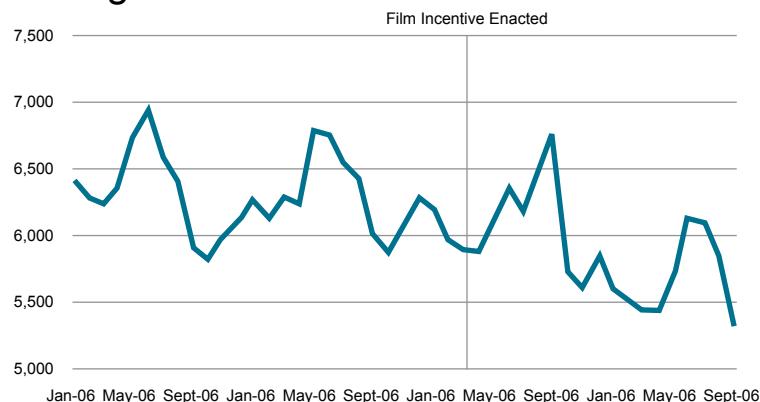
According to the most recent Bureau of Labor Statistics, as of September 2009 (the most recent month available\*), there were fewer people employed by the film industry in Michigan than before the subsidy program began.

The film subsidy program was signed into law on April 7, 2008. In that month there were 5,867 jobs in Michigan's "motion picture and sound recording industries," the industrial classification that most closely fits the target industry for the program. By last September these jobs had fallen to 5,290, a 9.8 percent decline.

**While the film incentive program has succeeded at making this very small piece of the state's economy more visible, the actual data shows that it has failed even to increase the overall number of film jobs in the state, let alone provide a source of growth for any other industry.**

While the program's impact on the overall state economy is too small to measure, its effects on taxes and the budget are significant. The state has authorized \$117 million in film credits, and the Department of Treasury estimates that the subsidies will cost \$155 million

## Michigan Film Jobs



in the upcoming fiscal year. This is equivalent to 7 percent of what the entire Michigan Business Tax currently extracts from businesses.

Film incentive supporters often point to particular jobs generated by the program's subsidies as evidence that it has been a success. In contrast, economic statistics are meant to summarize what has actually happened statewide, not merely assemble collections of anecdotes. While the film incentive program has succeeded at making this very small piece of the state's economy more visible, the actual data shows that it has failed even to increase the overall number of film jobs in

the state, let alone provide a source of growth for any other industry.

\*The BLS does have a survey that releases monthly job figures with only a one-month lag, but the information raises privacy concerns when there are few firms and little employment. Despite having the most generous film incentive program in the country, Michigan's film industry still doesn't have enough companies and jobs to qualify for disclosure via this survey. ■

*The original version of this story was posted online on April 21, 2010. It is available at [www.MichCapCon.com/12560](http://www.MichCapCon.com/12560).*

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**WHY WE GIVE PARTY AFFILIATIONS:**

*The Legislature is managed as a partisan institution. Lawmakers segregate themselves by party in matters from daily meetings to seating. They have separate and taxpayer-financed policy staffs to provide them with research and advice from differing perspectives. As such, gaining a full understanding of the vote of an individual lawmaker requires knowing his or her partisan affiliation.*

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If you do not have Internet access, then you may obtain copies of legislative district maps by calling 989-631-0900 or by sending a written request to us at: Mackinac Center for Public Policy, c/o MiCapCon District Maps 140 West Main Street, Midland, MI 48640

**Did you know?**

**Members of the Michigan House and Senate are the second highest-paid state legislators in the United States, behind California.**

Base member annual pay: \$79,650

Additional annual expense allowance: \$12,000

Supplements are paid to the following 12 legislative officers:

- Speaker of the House: \$27,000
- Majority leader in the Senate: \$26,000
- Minority leaders in both House and Senate: \$22,000
- Majority floor leaders in both House and Senate: \$12,000
- Minority floor leaders in both House and Senate: \$10,000
- Chair of Appropriations Committee in both House and Senate: \$7,000
- House speaker pro tempore and Senate president pro tempore: \$5,513

In more than 30 states, the position of state legislator is a part-time job with a salary of \$30,000 or less. Texas — the second most populous state and second largest geographically — pays lawmakers \$7,200 per year.

Some pay much less: New Hampshire legislators are paid a salary of \$200 for a two-year term of office; Alabama pays \$10 per day; and New Mexico offers no salary at all — just expenses. ■

# Walled Lake Teacher Contract Analysis

BY MICHAEL VAN BEEK

Nearly every single aspect of a teacher's job falls under the rules of a union contract. The following is a synopsis of just one of those agreements in Michigan. It comes from Walled Lake Consolidated Schools.

The main source of teacher compensation is the single salary schedule, which pays teachers based only on their years of experience and college degree. Walled Lake's pay scale has 25 automatic 2-to-3 percent annual pay increases. The average teacher salary is \$74,105.

Walled Lake teachers also receive generous benefit packages. Teachers pay nothing toward their own health insurance, which costs the district \$14,500 annually for a family plan (similar average costs in Michigan are \$11,300). A teacher retiring after 30 years with the average teacher salary would net a \$33,347 annual lifetime pension (plus health benefits).

The union contract also includes bonus pay, which ranges from \$1,500 to \$7,000 per year for additional academic certifications or duties. Teachers can also earn anywhere between \$700 and \$7,000 annually for coaching or participating in other extracurricular activities. The president of the teachers union also gets extra perks, like being released from teaching duties without losing salary or benefits.

Finally, the contract covers working conditions. Teachers are required to be at school for a total of 1,342 hours per year, and can store up an unlimited number of the 11 leave days they get every year. The district then pays teachers for accumulated leave days when they leave the district.

A fully detailed analysis is as follows:

## Salary Schedule

- Salaries are determined strictly by "steps," which use a matrix of years experience and graduate credit hours and degrees.
- There of 25 "steps" on the schedule, so teachers get automatic pay raises (2-3 percent) for their first 25 years in the district.
- 89 percent of teachers have graduate degrees and 80 percent have more than 5 years experience, meaning the vast majority of teachers' base salary is between \$50,405 and \$81,361.
- The Michigan Department of Education reported the average teacher salary in Walled Lake in 2007-08 was \$74,105.
- In addition to step increases, the entire salary schedule increases by 1 percent each year.

## Pension and Retirement Benefits

- Every teacher participates in the state-run Michigan Public School Employee Retirement System, a defined-benefit lifetime pension system
- Pension calculation: highest 3-year average compensation X 1.5 percent X years of service
- Retirement eligibility: 30 years of service at age 46 or 15 years of service at age 55
- Teacher contribution: 5.4 percent of salary
- After 55, subsidized medical, dental and vision insurance for life (employees never contribute more than 18 percent of premiums)
- Annual pension based on average salary of \$74,105 and 30 years of service: \$33,347.25

## Fringe Benefits

- District pays complete cost of health insurance premium (approximately \$14,500 annually)
- Two health insurance options:

- Plan A - MESSA Choices II with \$100/\$200 deductible and \$10/\$20 RX card, \$40,000 life insurance, long-term disability, dental, vision.
- Plan B - \$1,200 cash payment, life, long-term disability, dental, vision.
- Severance pay: \$250 per year of experience (maximum of \$7,500)
- Substitution teacher pay for 50 percent of their accumulated sick/leave days upon retirement, resignation or termination

## Bonus Pay for Additional Duties or Certification

- Certification with the National Board for Professional Teaching Standards: \$2,000
- Department chairpersons: \$1,539-\$6,928 (varies by size of department and experience)
- Curriculum coordinators: \$4,617-\$6,928, (varies by experience)
- NCA chairs get stipend of \$3,600 or \$1,800 (depending on their building)
- Other wage rates for additional duties:
  - \$27.40/hr for Saturday tests
  - \$28.20/hr for summer school
  - \$0.47 per minute for temporary substitution
- Class of more than 30 students: 1/6-1/5 of salary
- Elementary after school special education classes: 5-20 percent of salary (varies by class size)

## Work Schedule

- Required number of work days: 179
- Daily schedule: Begins 5 minutes before the first class and ends 5 minutes after the last class
- Maximum of 7.5 hours per day at school (1,342 hours per year)

- A 30 minute uninterrupted lunch period
- Compensation day for every evening parent-teacher conference
- Substitute teacher pay:
  - Working on "compensation days"
  - Training during the summer

## Leave Time

- 11 days at beginning of school year
  - 2 for personal use
  - 3 days for bereavement
  - 2 days for non-Christian religious holidays
- Unlimited accumulation of leave days
- 2 years of leave time for joining military, Peace Corps, Job Corps or America Corps
- 2 years of unpaid leave for childcare (seniority and tenure remain intact)
- 2 years of personal illness/disability beyond sick days (unpaid)
- 1 year for tenured teachers to attend school
- All persons on leave can stay on district's health insurance plan
- 12 weeks for birth of child, adoption, or family illness. Health insurance paid by district
- Year-long sabbatical leave for tenured teachers at half salary and full benefits
- 7 days for union business (union pays for substitutes)

## Compensation for Union President

- Union president is released from classroom teaching without loss of pay or fringe benefits
- Additional stipend: \$4,617-\$6,928 (union pays half)
- 10 per diems during summer

## Extra Curricular Activities Compensation

- Coaching (based on years of experience)
  - Head football, basketball, volleyball and wrestling coach: \$4,617-\$6,928 (assistants: \$3,078-\$4,619)
  - Head ice hockey, track,

- baseball, gymnastics, swimming, softball and soccer coach: \$4,233-\$6,351 (assistants: \$2,693-\$4,042)
- Head pom pom, cheerleading, golf, tennis, skiing and cross country coach: \$3,078-\$4,619 (assistants: \$2,309-\$3,464)
- Middle school coaches: \$1,924-\$4,042
- Music and Fine Arts (based on years of experience)
  - Band, orchestra, chorus and marching band: \$1,924-\$2,887
  - Assistant high school marching band and pep band: \$770-\$1,732
  - High school drama/musical producer: \$7,696-\$11,548 (may be split between teachers)
  - Middle school play director: \$1,539-\$2,309
- Miscellaneous
  - High school forensics: \$3,848-\$5,774 (assistants: \$2,309-\$3,464)
  - Senior class sponsor: \$2,693-\$4,042
  - Junior, sophomore, freshman class sponsors: \$770-\$1,155
  - Camping program: \$770-\$1,732 (four nights; prorated based on length of trip)
  - Supervisor of Reproductive Health Education: \$770-\$1,155
  - Yearbook: \$1,924-\$2,887
  - Student newspaper: \$1,154-\$1,732
  - National Honor Society: \$3,078-\$4,619
  - Elementary safety patrol: \$385-\$577
  - \$28.72/hr for drivers education
  - \$27.40/hr for After School Cable Television Production Manager
  - Intramural coaches/sponsors receive \$18/hr. ■

*The original version of this story was posted online on March 10, 2010. It is available with hyperlinks and other info at [www.MichCapCon.com/12307](http://www.MichCapCon.com/12307).*

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## School Union Brags of Ballot Box Revenge

BY TOM GANTERT

Last year, Paul Mayers was a school custodian employed by the Durand Area Public Schools. But in December, Mayers' job was outsourced to PCMI, which hired him back at the same salary wage but reduced benefits.

This month, Mayers ran for the school board and won. He takes office July 1.

His victory sets up an interesting scenario involving unions and their opposition to outsourcing at public schools.

Does Mayers, a former union president, move to try to get his new board members to restore his old job, even though the school

The MEA's press release read: "In Durand, a school custodian whose job was outsourced to a private company in December, won a contested school board election. Paul Mayers, a former union president who now works for the private company, is one of two union-supported candidates who won in Durand."

**"It's what is best for the classroom, not for the 'working class,'" [school board President] LaPage said. "We are here to educate kids, not employ people."**

"I hope it's a wake-up call," Mayers said in the press release. "This is a victory for the working class."

School board President Steve LaPage said he is open to any ideas that save the school district money but wouldn't consider ending privatization "unless it was not a financial gain for the district."

LaPage said Mayers would be one of seven board members.

"It's what is best for the classroom, not for the 'working class,'" LaPage said. "We are here to educate kids, not employ people."

Durand Superintendent Cindy Weber said privatization "has been working well."

Weber said the jobs of 27 cooks and custodians were privatized and that the private company — PCMI — hired most of the employees back. ■

*The original version of this story was posted online on May 12, 2010. It is available with hyperlinks and other info at [www.MichCapCon.com/12722](http://www.MichCapCon.com/12722).*

## Michigan's Costly Tab for Cap-and-Trade

BY TOM GANTERT

Cap-and-trade legislation will hit Michigan hard by 2030 if passed, costing the state as many as 91,000 jobs while raising residential energy costs as much as 60 percent and cutting a family's disposable income by as much as \$1,400 a year, according to a new study.

The study was done by the American Council for Capital Formation, a Washington-based public policy research think tank. It analyzed the impact of the Waxman-Markey HR 2545 bill. That bill contains the "cap-and-trade" language. Cap-and-trade puts a cap on emissions — and energy consumption. Sources either lower their emissions, with the ability to trade any excess allowance not used, or they can exceed the cap and purchase more credits to cover that over usage.

"It's really all pain and no gain as far as our study shows," said Margo Thorning, one of the study's two authors and the senior vice president and chief economist of the ACCF.

The ACCF did a baseline study

**The study's findings: Michigan will have between 66,600 and 90,800 fewer jobs by 2030 if cap-and-trade legislation is passed. Disposable income for families will be reduced between \$883 and \$1,435 per year by 2030.**

on Michigan without a cap-and-trade bill, and then compared that to what would happen if the climate legislation were passed.

The study's findings:

- Michigan will have between 66,600 and 90,800 fewer jobs by 2030 if cap-and-trade legislation is passed. The job losses will be from lower industrial output due to higher energy prices, the high cost of complying with required emission cuts and greater competition from overseas manufacturers with lower energy costs.
- Michigan's energy costs will go up by 2030. Gasoline prices will

increase by 20 to 26 percent, electricity prices will increase up to 60 percent and natural gas prices will increase up to 79 percent.

- Disposable income for families will be reduced between \$883 and \$1,435 per year by 2030.

According to the study, cap-and-trade will slow Michigan's economic growth because the state's energy users will have to subsidize more expensive energy sources such as wind and solar power to quickly meet federal mandates.

Thorning said the negative impact economically will not result in any clear environmental benefit because larger developing countries aren't on the same cap-and-trade energy diet.

"The environment doesn't benefit unless China and India take on targets, and they haven't taken on targets," Thorning said. "Our small change will be swamped by the emerging countries who are growing and dependent upon fossil fuels." ■

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administration claims the move to privatize the cooks and custodial staff saved the district \$190,000?

Mayers didn't respond to messages left at the school for him.

The Michigan Education Association says Mayers' victory is an example of voters supporting union-backed candidates.

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# I'M JUST A BILL

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**A sampling of proposed  
state laws, as described on  
MichiganVotes.org**

**SENATE BILL 1318**  
**Establish official state poem**

*Introduced by state Sen. Jim Barcia,  
D-Bay City*

The bill would establish that henceforth, as a matter of law and statute, the poem “Land of the Wolverine” by E. J. McGuire, and no other poem, shall be the official poem of the great state of Michigan.

**SENATE BILL 1323**  
**Establish “Michigan Registered Reporter”  
registration and screening criteria**

*Introduced by state Sen. Bruce Patterson,  
R-Canton*

The bill would create a government “Board of Michigan Registered Reporters” to pass on the qualifications under criteria established in the bill for an individual who seeks to use the title “Michigan Registered Reporter.” An individual who writes or creates news stories, commentaries or editorials for a newspaper, online news outlet or radio or TV broadcaster, and who wants to use this title, would have to have a journalism degree, at least three years of experience as a reporter, submit writing samples, present evidence of awards or recognitions and a letter of recognition from a reporter who is “registered,” and pay a \$10 fee. A person using a generic label such as “reporter,” “broadcaster,” “member of the media,” or others would not have to register. The bill would not require any institution to discriminate on the basis of having this credential, nor would it prohibit this.

**HOUSE BILL 5059**  
**Authorize local per-drink liquor taxes**

*Introduced by state Rep. Marie Donigan,  
D-Royal Oak*

The bill would authorize local excise taxes of up to 50-cents per glass on alcohol sold by the glass. A local government would have to place a proposal for the tax on the general election ballot, and could do so if 20 percent of the number of voters for Secretary of State in the last election petitioned for it.

**SENATE BILL 1174**  
**Rewrite corporate takeover rules for  
particular insurance company**

*Introduced by state Sen. Gerald  
VanWoerkom, R-Muskegon*

The bill would rewrite the rules for corporate acquisitions so as to raise obstacles to the acquisition of a controlling interest in the Fremont Insurance Company (which is located in the district of the bill sponsor) by the Indianapolis-based Steak and Shake Corp. Specifically, the bill would require a two-thirds supermajority of shareholders to vote in favor of the sale if the current board of directors opposes being taken over, but only for a “domestic (Michigan-based) insurer with 200 employees or fewer.” (Note: This bill was signed into law by Gov. Granholm on April 30, 2010, having been approved by both chambers of the Legislature just over two months after being introduced.)

**SENATE BILL 1285**  
**Impose recycling and deposit  
mandate on newspapers**

*Introduced by state Sen. Bruce Patterson,  
R-Canton*

The bill would impose a mandate on newspaper publishers to charge a deposit equal to 50 percent of the price of a paper, and to create recycling programs, regional redemption centers at which customers could return papers for a deposit refund, etc. Newspapers would be subject to reporting requirements, and would have to turn over unredeemed deposit money to the state, which would give it to public schools.

**SENATE BILL 1233**  
**Create new transit-related tax  
breaks and subsidies**

*Introduced by state Sen. Jason Allen,  
R-Traverse City*

The bill would extend brownfield tax breaks and subsidies to developments selected by a brownfield authority’s board that are within a half-mile of a transit station, and to transit stations themselves. The bill is part of a package comprised of Senate Bills 1233 to 1237. ■