

March 2019 | Vol. 13 No. 1



FORFEITURE LAWS TAKE AIM AT MAJOR DRUG DEALERS BUT HIT POOR MOST OFTEN

BY JARRETT SKORUP

The Michigan Legislature is considering bills that would require law enforcement officials to secure a criminal conviction before taking ownership of private property through civil asset forfeiture. Some police and prosecutors are fighting hard against this important reform. Their critiques, however, paint a distorted picture of how forfeiture is actually used in Michigan.

In a recent interview with Michigan Radio, Bob Stevenson, the executive director of the Michigan Association of Chiefs of Police, objected to a conviction-before-forfeiture requirement. He argued that law enforcement needs to be able to seize and forfeit assets with minimal evidentiary proof in order to fight the drug war by depriving criminals of their illegal product and ill-gotten profit.

See "Forfeiture Laws," Page 4

PAGE 7

MEDIA SMOKESTACK IMAGES AND AIR POLLUTION SPIN

Those billowing white
clouds coming out aren't
what you may think



NON-PROFIT ORGANIZATION
PERMIT # 338
48838
GREENVILLE, MI
PAID
US POSTAGE
PRESORTED STANDARD

Capitol Confidential
Mackinac Center for Public Policy
140 West Main Street
P.O. Box 568
Midland, Michigan 48640

DETROIT
**CHILDREN'S
BUSINESS**
FAIR

We hope you will join us for the 4th annual
Detroit Children's Business Fair!

MARK YOUR CALENDARS!

Saturday, May 4
11am-1pm

TechTown Detroit
440 Burroughs St.
Detroit, MI 48202

For more information and registration details, visit:

DetroitChildrensBusinessFair.org



LETTER FROM THE EXECUTIVE VICE PRESIDENT

On Civility

BY MICHAEL J. REITZ

Editor's note: This article was first published in the March/April issue of IMPACT Magazine.

In January I spoke at the Flint Area Public Affairs Forum on the topic of “civility in the social media age.” The other panelists included a University of Michigan-Flint professor, a social media expert and a Democratic lawmaker.

Here at the Mackinac Center, we think carefully about modeling civility. We’ve had to, as we think about the critics who have spat upon us, protested outside our office, sued us and lobbed death threats.

Civility is defined by researchers at CivilPolitics.org as the ability to disagree productively with others, respecting their sincerity and decency.

Civility is not conflict avoidance, a lack of disagreement or taking the moderate view. It is not using government to silence “the other.” Rather, it is a thoughtful inquiry into another person’s conclusions. It is the presumption of goodwill in spite of a disagreement.

Impertinent questions come to mind: Do we truly want civility? Does it matter as long your view prevails?

I answer “yes” for several reasons:

Innovation is spurred by divergent thinking. We will best solve the state’s challenges by engaging a wide range of ideas. Civility allows for respectful, creative engagement.

A conversation imbued with civility is more productive because it is more persuasive. Think about the last time someone pounded the table and loudly questioned your intelligence. Did that convince you to change your mind? Hardly. As advocates, we grow our numbers through persuasion, not taunts.

Civility increases “social capital” — the necessary grease in the gears of the Republic. Alexis de Tocqueville’s “Democracy in America” noted that for all the individualism of Americans, they are constantly organizing associations and fraternities. Civil society, driven by the voluntary participation of individuals, operates best if respect is a valued trait.

Civility has a strong and necessary complement in free speech. It is fruitless to call for civility without also advocating for the right of all people to express themselves freely.

“So, what can any one person do?” asked my friends at the Flint event. I came with four ideas.

- Focus on what you can control: One person can influence his or her personal conduct far more immediately than structures or institutions. Twitter publishes 500 million tweets daily; one person may not be able to influence that deluge.
- To paraphrase a well-known saint, seek to understand, more than to be understood. Two books can inform the curious reader: “The Righteous Mind” by Jonathan Haidt and “The Three Languages of Politics” by Arnold Kling.
- Intentionally interact with people who hold different perspectives. It’s a fascinating exercise and aids your ability to persuade.
- Reduce the calamitous noise around policy and politics by reducing the stakes. Limit government to its core functions so it's not in every area of our lives.

David French of National Review has asked: “Is there a single significant cultural, political, social, or religious trend that is pulling Americans together more than it is pushing us apart?” In this rancorous time, we would all benefit from finding areas of common ground. ■



Michael J. Reitz
Executive Vice President

MEET THE STAFF



Tom Gantert is the managing editor for Michigan Capitol Confidential. He may be reached at Gantert@mackinac.org.



Jarrett Skorup is content manager for Michigan Capitol Confidential. He may be reached at Skorup@mackinac.org.

New articles every day but Sunday.
Hey, everyone needs a day off.

**MICH
CAPCON
.COM**

FORFEITURE LAWS

from Page One

Stevenson acknowledged “some” horror stories, like the Detroit “CAID Raid.” In that 2008 episode, Detroit police detained 130 people and impounded 40 vehicles at the Contemporary Art Institute of Detroit’s Funk Night for “loitering in a place of illegal occupation.” But he said those stories are “few and far between,” and a conviction requirement would prevent police from stopping major drug lords. He pointed to cases of a person traveling with hundreds of thousands of dollars in apparent drug proceeds, or where law enforcement raids a suspected drug house that turned up cash but no contraband.

Stevenson argued for separate systems to consider illegal activity — a civil system for physical assets connected with crime, and a criminal system for people. This would make it easier for police to remove property from private ownership. “Do we clearly want to let people retain the funds that they got?” he asked. “I don’t think so.”

But Stevenson’s hypotheticals don’t apply to the legislation proposed. The bills

actually allow forfeiture to proceed under current law for assets valued over \$50,000, a compromise with law enforcement. Though this provision may entangle some innocent people, a person who owns a high-value asset that is seized is likely willing and able to challenge a forfeiture in court. Also, police can continue to seize property based on probable cause, but taking ownership of it would require either a conviction or for the person to not show up to claim it.

Stevenson did go on to say the transparency requirements for forfeiture are good and provide oversight. That’s true, and transparency shows how forfeiture is actually used and abused in Michigan. It’s true that extreme cases of abuse are rare, but there are still a great many problematic incidents.

Unlike the picture painted by law enforcement associations, few forfeiture cases involve major drug lords. And when they do, prosecutors typically get a criminal conviction, meaning the proposed changes will have no negative effect on those efforts.

Thanks to transparency requirements that went into effect in 2017, we have access to the actual data on civil asset forfeiture in Michigan. I file open records requests

for the full reports every year, and here’s what the record shows for 2017 (the most recent data):

- Out of about 6,666 cases, the median value of the assets forfeited by law enforcement was about \$450. In other words, most people are having a few hundred dollars or a low-value vehicle taken.
- There are more than 700 cases where law enforcement took ownership of property without even charging a person with a crime. There were about 200 incidents where the government kept someone’s assets even after they were found not guilty in the criminal system.
- Law enforcement officials seized assets valued over \$70,000 only 12 times, and they seized assets worth over \$100,000 only six times. In nearly all of these cases, law enforcement prosecuted people through the criminal justice system.
- Most of the time law enforcement seizes an asset, its owner does not attempt to reclaim it. Why? Likely because the value of that property is very low. Most people are not willing to go through the legal system to try to get it back — particularly if they feel

they need a lawyer — assuming they even understand how to do so.

- Stevenson noted that “police cannot just take your property. ...We have to have probable cause.” That’s true, but it’s also a very low and subjective standard. In Wayne County, this means seizing the vehicles of people based on suspicion, not on charging them with a crime, and then demanding \$900 from them to have it back. It happens hundreds of times every year — and not to major drug dealers.

Law enforcement is a vital government service. It is also the greatest power the state has, since it can take a person’s life, liberty and property. For that reason, there needs to be oversight and standards. One standard should be that, with very few exceptions, law enforcement officials should not be able to take and keep a person’s property unless they prove them guilty of a crime beyond a reasonable doubt. Only after that standard is met should they then have an opportunity to keep the assets. ■

The original version of this story was posted online on Feb. 21, 2019 and is available at MichCapCon.com/26291.

Ban It? Tax It? Leave It Alone? Michigan Cities And Airbnb

BY TOM GANTERT

Brent Little has a home he would like to rent out to visitors who come to his town for a vacation.

Little’s residence has a Traverse City address but is located in East Bay Township, to which he pays property taxes. Both municipalities have taken steps to regulate how property owners can rent out their homes via Airbnb and similar services.

Traverse City has been considering changes to its current ordinance on short-term rentals, and East Bay Township implemented a policy last year.

Little says the added regulations would cost him hundreds of dollars and infringe on his privacy.

“I lived in China for three years and they have Airbnb and there is no regulation at all,” Little said. “The government doesn’t regulate you because it is your personal house. We are more strict than a Communist government. I have a wife and two kids; I’m just trying to make ends meet.”

Across Michigan, more and more municipalities are restricting short-term home rentals. Some officials have gone further.



St. Clair Shores does not have an ordinance that prohibits short-term rentals, but its city attorney says the local zoning ordinance does not permit the practice. Last year, the city attorney showed up on a Saturday night — with a police escort — at a residence he suspected of being used as a short-term rental.

St. Clair Shores City Attorney Bob Ihrle said that the owner of the house had violated the law, and he brought the police for his own protection.

The homeowner was not present, but the police interviewed the visitors staying

at the home about their relationship with the owner. The visitors had license plates from Ohio.

“The bottom line, St. Clair Shores has a zoning ordinance,” Ihrle said in September. “The zoning ordinance details what is permitted.”

Ihrle said violation of the ordinance is a misdemeanor. “It is a crime. It is a low-level crime.”

In Mackinaw City, the village council enacted an outright ban on rentals of less than 30 days in part of the residential section

of the village. The city of Holland has also banned short-term rentals.

East Bay Township has imposed a \$450 short-term rental licensing fee. In addition to the notarized neighbor-notification letter homeowners must give to officials, the township also requests a photo of the home’s exterior and a drawing of the floor plan. The drawing should show each room intended for short-term rental occupancy and state the square footage of those rooms. The township also requests a hand-drawn plan for off-street parking.

“The short-term rental licensing ordinance was adopted by the Township Board on June 11, 2018, after nearly two years of discussion and multiple public hearings,” said East Bay Township Planner Rick Brown in an email.

In Traverse City, there is an annual short-term rental application fee that is \$200 for years in which an inspection is required and \$150 for a year when no inspection is called for. An inspection is required every three years. ■

The original version of this story was posted online on March 4, 2019 and is available at MichCapCon.com/26315.

45 Cent Gas Tax Hike

Michigan Road Funding Doubled In 10 Years

That's not counting governor's newly proposed 45 cent gas tax hike

BY TOM GANTERT

At a time when some politicians are calling Michigan's roads dangerous, state funding for transportation is projected to have nearly doubled over a 10-year period.

State dollars dedicated to transportation in Michigan are projected to have increased from \$1.97 billion in 2010-11 to \$3.93 billion in the 2020-21 state fiscal year. The figures include state money only, not federal or local dollars.

The 10-year projection is based on tax rates and revenue sources specified under current law, which could change. For example, a \$600 million state income tax earmark for road repairs authorized for 2020-21 is opposed by Gov. Gretchen Whitmer, who is also pushing for a 45 cent per gallon gas tax increase. The income tax earmark was part of a legislative road repair push in 2015 that included a 7 cent per gallon gas tax hike and 20 percent vehicle registration tax hike.

Given that the Legislature is controlled by Republicans, neither the fund-shift proposal nor the large tax increase preferred by the new Democratic governor is assured. The gas tax increase would take about \$599 annually from the average Michigan household, which has two cars that each burns about 666 gallons of gas.

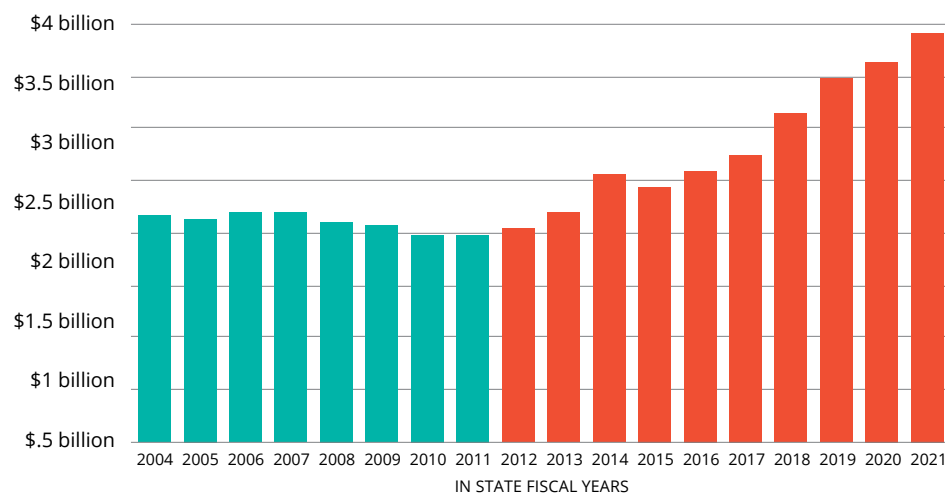
But given political demands on both parties to "fix the roads," the 2020-21 transportation revenue projection cited here may be low.

State funding for transportation has also increased over the last 20 years when adjusted for inflation. In the 2000-01 fiscal year, the transportation budget included in \$2.10 billion in state dollars, which would be the equivalent of \$3.02 billion in 2019 dollars.

Whitmer's office didn't respond to an email seeking comment. ■

The original version of this story was posted online on March 7, 2019 and is available at MichCapCon.com/26351.

State Transportation Funding



Source: Senate Fiscal Agency

mackinac.org

MACKINAC CENTER
FOR PUBLIC POLICY

40 Percent Of Whitmer's 2020 Gas Tax Hike Won't Support Roads

BY TOM GANTERT

A large portion of the 45-cent increase in the state gas tax proposed by Michigan Gov. Gretchen Whitmer will not go to the state's transportation budget, according to an analysis by the Mackinac Center for Public Policy.

If approved by the Republican-controlled House and Senate, Whitmer's proposed 45-cent motor fuel tax increase would occur in three separate 15 cent tax hikes on Oct. 1, 2019, April 1, 2020, and Oct. 1, 2020.

The first two tax hikes would increase the tax by 30 cents and bring in an additional \$1.26 billion during the 2019-20 fiscal year. But documents submitted by Whitmer as part of her executive budget recommendation on Tuesday indicate that the net increase to transportation funding will be just \$764 million in the 2019-20 fiscal year.

In other words, \$499.2 million — an estimated 40 percent of the \$1.26 billion gas tax increase in 2020 — would not go to roads. Instead, it would replace current transportation budget dollars that would be redirected to pay for other state government spending.

Some \$325 million of the difference comes from removing income tax revenue from the 2020 road repair budget, an amount that under current law will increase to \$600 million in the 2020-21 and successive road budgets. This money was earmarked to roads as part of a road funding package enacted in late 2015 after another all-tax road repair measure that was placed on the ballot by a previous legislature was defeated by voters earlier that year. The income tax earmarked for road repairs represented a commitment by then-Speaker of the House Kevin Cotter and House Republicans to not approve another all-tax road fix proposal,



and instead reprioritize some other non-transportation state resources to roads.

Other than ending the \$325 million income tax earmark, the budget documents released by Whitmer on Tuesday are not clear on where the rest of the \$499.2 million coming out of the Transportation budget is coming from. The difference between how much the tax increase will bring in and the overall increase in transportation spending appears in those executive budget documents.

Whitmer called Michigan's roads "downright dangerous," according to WJRT-TV. Despite this characterization, \$499.2 million of the gas tax increases she proposes will not end up in the state's transportation fund.

The analysis was done by James Hohman, director of fiscal policy at the Mackinac Center for Public Policy.

Whitmer's office didn't respond to an email seeking comment.

"The governor's budget is a political wish list funded by much higher taxes on the people of Michigan," said Sen. Aric Nesbitt, R-Porter Township. "Road funding has increased to a record level, and a solid boost would have been to direct all taxes on fuel to fixing our roads." ■

The original version of this story was posted online on March 6, 2019 and is available at MichCapCon.com/26325.

Despite Government Broadband's Poor Record, Farmington Hills Considers It

Oakland County city already saturated with competing high-speed private providers

BY EVAN CARTER

A group of local government officials and private citizens in metro Detroit have assembled a committee to explore building a municipal fiber-optic network in their communities.

Residents of Farmington and Farmington Hills can already purchase high-speed home internet from Charter Spectrum and AT&T. But Richard Lerner, a member of the Farmington Hills City Council, believes that current internet service isn't adequate and the existing internet service providers will not invest in laying fiber to every home.

The group investigating a municipal broadband network also includes Joe LaRussa, a member of the Farmington City Council, and three private citizens who, Lerner said, work in technology-related fields.

"We are confident that we can deliver gigabit speeds faster than the cable company," Lerner said.

Matt Groen, executive director of the Michigan Cable Telecommunications Association, said service in Farmington and Farmington Hills is already fast.

"These communities already currently enjoy access to some of the highest residential speeds deployed in the country,

as virtually the entire Farmington/Farmington Hills area is blanketed with 1 Gbps download speeds from existing cable providers," Groen said. "These companies are able to do this all over their existing fiber/coaxial hybrid infrastructure."

When Michigan Capitol Confidential asked Lerner about the cost associated with municipal broadband projects, he said he doesn't look at a municipal-owned broadband network as a profit center, but as a utility and a way to raise property values.

A 2017 study from the University of Pennsylvania Law School found that only 2 of the 20 municipal broadband projects studied were projected to earn enough money to cover their costs over their useful life.

Lerner's committee has not obtained any formal cost estimates from contractors. But he said he has received estimates that designing, engineering and building 105 miles of fiber for a municipal-owned network in Farmington and Farmington Hills would cost roughly \$7 million. Lerner also said that running fiber-optic lines to individual homes would likely cost an additional \$1,500 to \$6,000 per property, depending on the density, distance involved and geography of the neighborhood.

Lerner said that it's unclear whether building the backbone of the fiber network

would result in tax hikes, though he opened the possibility of borrowing funds by saying that Farmington Hills has a AAA bond rating. According to the city's 2018 financial statements, the Detroit suburb currently has \$51.6 million in bond debt and \$41.1 million in unfunded pension liabilities.

Once the main portion of the network is constructed, Lerner said, neighborhoods could choose whether to accept special assessment property tax hikes to pay for running fiber-optic lines to individual homes.

The cost of a municipal-owned network isn't the only question officials have to deal with; government ownership of internet infrastructure comes with legal questions as well.

Theodore Bolema is an adjunct scholar with the Mackinac Center for Public Policy and executive director of the Institute for the Study of Economic Growth at Wichita State University. He said that the presence of municipal-owned networks can drive away private internet service providers, leaving residents with fewer choices than they otherwise would have. Bolema added that municipal internet systems also present complicated legal questions surrounding a government agency determining what is "appropriate content on the networks."

"Any internet provider has to struggle with how to enforce civility on the internet, including blocking users for various types of abusive language and conduct that can be harmful to other users," Bolema said. "Internet providers also have to be careful with how they handle the private data of their users. But when a government provides the internet service, that raises all kinds of First Amendment speech issues and Fourth Amendment issues about protections from government searches of private information."

When asked about the legal questions connected with government ownership of a fiber-optic network, Lerner said his committee hadn't addressed the issue yet.

"Our mission has been to explore the feasibility of creating a municipal broadband network. We will likely form a cooperative venture with the cities of Farmington and Farmington Hills and look for a third party to operate the system (similar to RS Fiber and Hiawatha Broadband relationship). If the project moves forward, we will begin to discuss operational issues in the future," Lerner said. ■

The original version of this story was posted online on March 1, 2019 and is available at MichCapCon.com/26312.



Media Smokestack Images And Air Pollution Spin

Those billowing white clouds coming out aren't what you may think

BY TOM GANTERT

WDIV-TV recently ran a news story about climate change. The image used to illustrate the story was a photo of a generic smokestack emitting a white cloud, which most people would assume is smoke.

It's an illustration used often in media stories that touch on potential climate change.

And it is very misleading.

It is illegal in the U.S. to operate a coal-burning industrial or power plant that exceeds the atmospheric emission limits set by the Environmental Protection Agency. Coal plants primarily emit water vapor from their stacks; any pollutants emitted would have to be approved in their federal and state emission permits.

The photos of these plants show them emitting steam, or water vapor. About 75 percent of what comes out of smokestacks today is nitrogen, a gas that accounts for 78 percent of the Earth's atmosphere. Another 13 percent is carbon

dioxide and 6 percent is water. The remaining 6 percent is mostly oxygen (4.4 percent) with parts-per-million amounts of carbon monoxide, nitrous oxide and sulphur dioxide, according to a Penn State University study.

"It is always misleading for a media outlet to report on climate change and then use a picture showing billowing clouds of steam coming out of a stack," said Jason Hayes, director of environmental policy for the Mackinac Center for Public Policy.

Hayes said carbon dioxide is the primary greenhouse gas that comes from a coal plant, but it is an odorless — and more importantly, clear — gas. So a photo of a coal plant emitting clouds of steam really has nothing to do with climate change. ■

The original version of this story was posted online on Feb. 12, 2019 and is available at MichCapCon.com/26268.



Administrators: 98 Percent Of Michigan Teachers Average Or Above

Just 1 out of every 384 Michigan teachers deemed 'ineffective' by their school's administration

BY TOM GANTERT

The Cato Institute, a think tank based in Washington, D.C., recently rated Michigan's public schools as 36th best in the nation, using a method that measures the relative performance of schools when the socioeconomic background of their students is taken into consideration.

Despite the state's low ranking, Michigan's public school teachers continue to get high marks from their schools' administrators, who are required to evaluate teacher performance each year.

Four out of every 10 Michigan public school teachers in 2017-18 were deemed to be "highly

effective," the highest of four possible ratings a teacher can receive.

And just 282 of the state's 99,916 public school teachers were given the lowest rating of "ineffective."

Nearly all of the state's public school teachers — 98 percent — received either the highest or second-highest rating, "highly effective" or "effective."

The figures were little-changed from the previous year, when public school administrators gave 39 percent of all teachers in the state the highest rating, while just 342 individual teachers were deemed to be ineffective.

"The system is rigged," said Michael Van Beek, director of

research for the Mackinac Center for Public Policy. "Administrators either don't take this rating seriously or they have such low standards that everyone meets them."

"The problem is that school officials are forgoing an opportunity to improve their schools," Van Beek said. "They need to identify and differentiate good teachers from not-as-good teachers and get more in front of the good teachers and fewer kids in front of the bad teachers."

Some of the teacher evaluations raise eyebrows, given the overall academic performance of their students in state school rankings.

For example, Pontiac High School has for years been

judged a failing school in the statewide school assessments. State officials do not consider the socioeconomic status of each school's student body when they create these rankings. One result is that schools in more affluent districts tend to rank high compared to schools in poor areas, regardless of how much additional learning a school provides in peer-to-peer comparisons.

The Mackinac Center, however, has created a school report card of its own, which does take into consideration the socioeconomic status of each school's student body. Pontiac High School has received an F in its last five Mackinac

Center report cards spanning the past 10 years, meaning that it does poorly even when compared to other schools whose students face similar challenges.

Nevertheless, Pontiac school administrators gave 40 percent of this school's teachers the top rating of "highly effective" while the remaining 60 percent were deemed to be "effective," the second-highest rating. No teacher at that building in 2017-18 was given a "minimally effective" or "ineffective" rating. ■

The original version of this story was posted online on Jan. 17, 2019 and is available at MichCapCon.com/26199.

Respected Think Tank Shatters Michigan ‘Teacher Shortage’ Myth

Uncritical media has repeated this false teachers union claim

BY TOM GANTERT

A well-respected research organization released a report this month refuting the often-stated claim in the media that Michigan has a teacher shortage.

The Citizens Research Council of Michigan published a 66-page report in February with the conclusion that available research does not support claims of a teacher shortage in Michigan’s public schools.

The report should serve as a sharp rebuke to a mainstream media that for at least two years has reported as fact that Michigan’s public schools are suffering from a teacher shortage.

Dozens of media outlets have published news reports repeating an alleged teacher shortage without questioning the narrative. The list includes the Detroit News, the Detroit Free Press, MLive, the Herald-Palladium, the Cadillac News, WDIV-TV, the Daily Mining Gazette, Bridge Magazine, Michigan Radio, Detroit public TV, WDET and the Garden City Telegram, among others.

“The simple fact is that anecdotal and media reporting is not sufficient to establish that a statewide crisis exists,” the Citizen Research Council report states. “To do so requires a broader examination of the teacher pipeline, something that has not garnered as much attention or analysis by stakeholders, either at the local or state level.”

The rationale for promoting a teacher shortage narrative is largely political. When Republicans gained control of the state House, Senate and governorship after 2010, they enacted a number of education reforms that were not popular with teachers unions. Those reforms included expanding public school choice by allowing more charter schools (which are almost exclusively nonunion) and prohibiting schools from using their payroll systems to deduct union dues from employee paychecks. Lawmakers also tried to rein in skyrocketing pension costs that were crippling school budgets.



In response, teachers unions claimed the profession had been so demonized by Republicans that few people wanted to become teachers, leading to a shortage.

An example of the narrative appeared in a June 15, 2017, Detroit News story on Republican efforts to reform the underfunded school pension system. It quoted John Anderson, a teacher at Western Public Schools, in Jackson County. Anderson said young people didn’t want to get into teaching, and the district was lucky if it got three or four applicants for an open teaching position.

Like many similar claims published in mainstream media reports, this one went unchallenged. Michigan Capitol Confidential has been the one consistent exception.

It sent an open records request to the Western school district and found there were seven teaching positions posted at that time (2016-17), for which the district received a total of 208 applications, or 29.7 per position.

As in many other examples, Michigan Capitol Confidential was the only news publication to challenge the assertion that there was a shortage in this state. It did so by obtaining public documents that went

to the heart of the teacher shortage claims — the number of individuals who applied for open teaching positions posted by school districts.

If the teaching profession had been demonized, as union officials claimed, and if there were indeed a teaching shortage, this should have resulted in schools getting very few applications for actual teaching positions.

Except school district after school district reported getting large numbers of applications for most open teaching positions. Those districts were asked for the number of applicants for teaching positions in a Freedom of Information Act request.

Now the Citizens Research Council study echoes what Michigan Capitol Confidential reported almost two years earlier: There is no general teacher shortage, though filling a small number of specialty positions has been challenging.

Michigan Capitol Confidential reported in January 2018: “Teacher shortages do exist in some specialized fields. For instance, while Troy schools received, on average, 57 applicants per teaching position, no one applied for a ‘socio-emotional learning specialist’ position. Many school districts

have reported seeing low numbers of applicants for jobs in special education and some technical fields.”

The Citizens Research Council stated that its analysis and report were prompted by media coverage on alleged teacher shortages. That is also the case with Michigan Capitol Confidential.

For example, on Nov. 2, 2017, Michigan Radio columnist Jack Lessenberry blamed a teacher shortage on Republican policies. He did this in a story titled, “Sen. Knollenberg shocked by Michigan’s teacher shortage. Let me explain what happened.”

Lessenberry then cited comments from a Michigan Education Association spokesman as more evidence of a teacher shortage.

That prompted Michigan Capitol Confidential to request documents from the Troy School District (the largest in the Senate district represented by Knollenberg) that indicated the number of teacher job applications it had received.

These documents showed that the district had received 2,045 applications for a single K-5 teaching position. The district had an average of 57 applications for each teaching position it advertised in 2017.

Media claims of alleged teacher shortages are nothing new in this state. This was shown by a Michigan Capitol Confidential story from November 2017 that cited such reports from 100 years ago. It reported:

“The Lansing State Journal reported that the Michigan Department of Education declared a teacher shortage, and blamed it on the low pay of educators.”

“‘Many School Boards Will Face Teacher Shortage Because Of Small Pay,’ the story’s headline read.”

“If the news sounds familiar, but you can’t quite place the details, it’s probably because this report was dated Feb. 6, 1920.” ■

The original version of this story was posted online on Feb. 26, 2019 and is available at MichCapCon.com/26297.



Managing Editor: Tom Gantert **Designer:** Jonathan VanDerhoof

Michigan Capitol Confidential is published quarterly by the Mackinac Center for Public Policy, a nonprofit, nonpartisan, tax-exempt research and educational institute devoted to analyzing Michigan public policy issues. Michigan Capitol Confidential is distributed to Michigan residents who have expressed an interest in public policy matters, as well as members of the media and lawmakers and policy staff in the Michigan House, Michigan Senate and Office of the Governor. All rights reserved. Permission to excerpt or reprint is hereby granted provided that Michigan Capitol Confidential, the author and the Mackinac Center for Public Policy are properly cited.

140 West Main Street, Midland, Michigan 48640 989-631-0900 MichCapCon.com Mackinac.org MichiganVotes.org

Seven in 10 Detroit Students ‘Chronically Absent’

BY TYLER ARNOLD

More than seven in 10 students in the Detroit Public Schools Community District were chronically absent in 2017-2018, meaning they missed 10 percent or more of the year’s class days, according to state data.

Of 54,575 students enrolled in Detroit Public Schools for at least 10 school days, 38,383, or 70.3 percent, were chronically absent. The state average for chronically absent students was 19.9 percent in 2017-18. Flint Community Schools had 52.0 percent of its students categorized that way, while Benton Harbor Area Schools was at 63.3 percent.

There are typically 180 days in a school year, so a chronically absent

student enrolled for the full year is missing 18 days or more.

“There are many, many reasons for a student’s absence at school: illness, medical appointments, family emergencies, lack of parent support in making school a priority, a perceived lack of relevance in what the student is learning, bullying, other family issues, just to name a few,” Chris Wigent, executive director of the Michigan Association of Superintendents and Administrators, said in an email.

“Every student’s situation is unique and so is their reason for missing school,” he said.

Tom McMillin, a Republican who serves on the State Board of Education, echoed that sentiment. In a phone interview, McMillin called the numbers alarming. But,

he said, there is not a one-size-fits-all solution, which is why he has called for a decentralized approach that allows individual schools to address their unique problems.

In some schools in Detroit, McMillin said, the chronic absence rate can surpass 90 percent, and some of this can be caused by poverty, a destabilized family or lack of access to transportation to school. He also said that Common Core educational standards, which have been implemented in the state, have made it hard for teachers to connect directly with students.

Detroit schools also see relatively high turnover in teachers, he said, because many of them move to suburban districts, which can offer better money and safer conditions.



McMillin and Wigent said the issue is difficult to resolve legislatively because each case is unique to an individual student.

“Treating each case individually is of extreme importance,” Wigent said. “However, with the average counselor-to-student ratio currently being approximately 750-1, it is extremely difficult (if not close to impossible) to find out why each

individual student who has chronic absenteeism is not attending.”

Staffers within each school should do whatever they can to identify those students and determine why the student is missing and what can be done to mitigate the problem, Wigent said. He added that staffers should proceed with the full understanding that some things are out of the school’s control.

“For this and many other reasons, schools need to continue to work with health and human service agencies and other agencies that provide wraparound services for students and their families,” he said. ■

The original version of this story was posted online on March 2, 2019 and is available at MichCapCon.com/26314.

Watch The Fine Print On ‘Green Jobs’ Claims

BY TOM GANTERT

One of the more underreported aspects of the Green New Deal advocated by U.S. Rep. Alexandria Ocasio-Cortez, D-New York, is its inflated claim about jobs. According to the official language, it is “a historic opportunity to create millions of good, high-wage jobs in the United States.”

Green or “clean energy” jobs are generally framed in positive terms by the mainstream media. For example, Yahoo News recently featured a story stating that “solar panel installer” was the fastest-growing job in eight states, including California.

But as of 2017, there were just 9,000 solar panel installers in the entire country, according to the U.S. Bureau of Labor Statistics. There are so few of those jobs in Michigan that the BLS doesn’t even track the activity as its own category. There are also fewer than 10,000 people in the U.S. who work in private sector wind farms and solar farms — at a time when total nationwide employment is 150.6 million.

Yet, especially in Michigan, green companies have been promoted as job creators, with expectations often inflated above the actual number of jobs they provide.

For example, as early as 2009, then-Gov. Jennifer Granholm highlighted the advanced battery manufacturer

A123 Systems as a key to transforming Michigan’s economy.

In 2011, Reuters reported that Michigan would create more than 89,000 jobs over the following decade from wind farm developments, solar electricity generation and the production of advanced batteries for electric cars. That 89,000 figure then went from speculation to misstated fact when many proponents of green energy subsidies later wrote reports and stories that assumed those jobs had already been created.

Many predictions never came to be, however. For example, A123 Systems had projected it could create 3,000 jobs at an advanced battery plant in Livonia. Even President Barack Obama phoned into a September 2010 Granholm press conference to promote the company by name. The jobs that appeared did not remain for long. A123 Systems eventually filed for bankruptcy in October 2012 and was bought by the Chinese company Wanxiang Group.

The number of green jobs that do appear is often inflated by expanding the definition of what qualifies as clean energy employment.

For example, the Brookings Institution released a report in 2011 that stated there were 2.7 million clean energy jobs in the U.S.

But that report included 386,116 green jobs in waste management and another 350,547 in mass transit. In other words, garbage collectors and bus drivers could be counted as clean energy employees.

Finally, some economists wonder about the trade-offs that occur when households and businesses must pay the higher lighting and heating bills associated with having renewable energy sources and their backups.

Charles Steele, an economist at Hillsdale College in Hillsdale, Michigan explained in an email:

“Green energy’ [sources] — wind and solar — are generally not efficient. Spain implemented a massive green energy program, which required twice as many workers to produce the same amount of energy. This might sound like a great jobs program, but it meant workers in the energy sector became half as productive as before. And because energy became more expensive, it hurt the Spanish economy overall and caused total unemployment to become worse. This left Spain with more unemployed people and higher energy bills.”

“Green jobs,’ as in the Green New Deal, need government subsidy and support precisely because they aren’t very productive. If they were productive, private enterprise would adopt them on its own without government programs.”

Myron Ebell is the director of global warming and international environmental policy at the Competitive Enterprise Institute, a Washington, D.C.-based think tank. In an email, he explained why adding more jobs to electricity production is costly:

“I keep being told that there are only 50,000 coal miners while there are now more than 700,000 people employed in renewable energy. What is left out is that coal supplies 30 percent of our electricity and windmills and solar panels supply only 10 percent. Clearly, coal miners are much more productive and create a lot more wealth than wind and solar workers. That’s why the coal industry pays high wages and the renewable industry does not.”

“The goal of a productive economy is to produce as much wealth as possible while employing the fewest number of people and requiring the least amount of capital investment possible. If the goal were to create lots of green jobs, then that could be done by banning mechanized agriculture. Replacing gas and diesel guzzling tractors and other farm equipment with horses, mules, and human labor would easily create more than a hundred million green jobs.” ■

The original version of this story was posted online on Feb. 19, 2019 and is available at MichCapCon.com/26282.

School Budgets Caught A Cold In 2000s, But Michigan Taxpayers Suffered Economic Pneumonia

BY TOM GANTERT

As part of an ongoing effort to portray public schools as underfunded, the impact of the devastating Lost Decade on taxpayers is being overlooked as spending advocates point to budget cuts made 15 years ago.

With Michigan approaching the 10th anniversary of its worst days of the nationwide Great Recession — a state unemployment rate of 14.6 percent in June 2009 — memories of the devastating one-state recession that preceded it in the early 2000s are fading.

At the same time, proponents of increased public school spending have changed their talking points. Beginning around 2013, politicians, public school administrators and teachers unions began to claim that public school funding had been cut during the term of former-Gov. Rick Snyder, who took office in 2011.

The truth, however, is that starting in 2013, state funding for Michigan's public K-12 schools (not including local or federal revenues) has increased by nearly \$1 billion, even after adjusting for inflation. It rose from \$10.8 billion in 2010-11 (the equivalent of \$12.16 billion in 2018 dollars) to \$13.04 billion in 2018-19.

School spending interests no longer focus on current or recent fiscal conditions. Instead, they are pointing to school budget cuts made 15 years ago.

Backed by a recent study from Michigan State University, spending interests describe K-12 school funding as having declined since 2003. To do so, they skip over a simple and obvious fact: The period from 2003 through 2018 includes two very different episodes in state economic history, the first, a time of sharp decline and the second, one of gradual recovery.

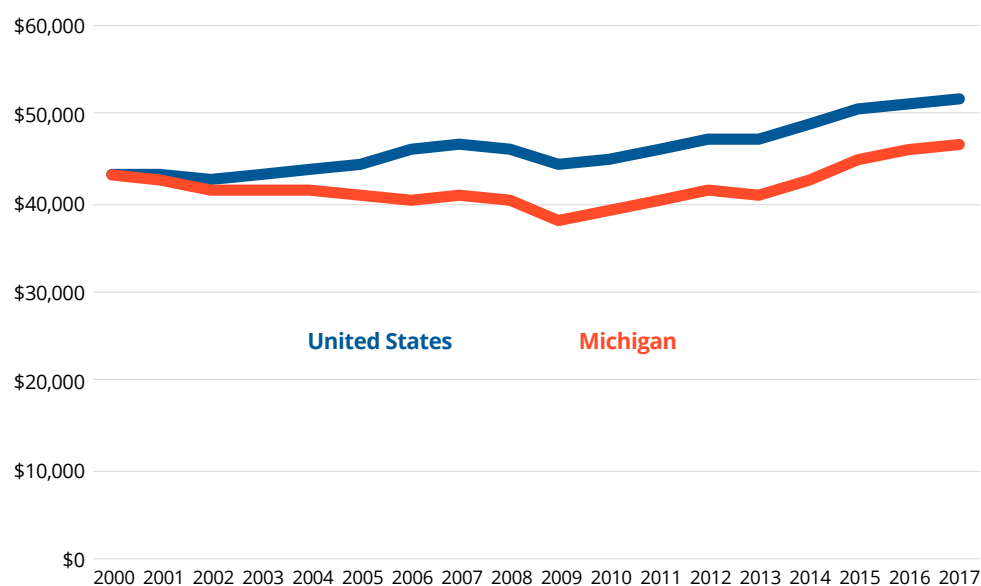
Before 2003, the state school aid budget had risen sharply for several years, from \$8.01 billion in fiscal year 1994-95 to \$12.34 billion in 2002-03. (These figures include federal dollars, not just state money.)

That strong economy began winding down after the dot-com market crash of 2000. Beginning in 2004, state budgets also went into decline in inflation-adjusted terms.

As a result, Michigan school aid budgets were stagnant and even in decline from 2004 through 2012. Budgets recovered starting in 2013, but after adjusting for inflation, school funding is down for the entire period from 2003 to 2018.

To sum up the historical record, school spending rose sharply during the go-go

Inflation-Adjusted Per-Capita Personal Income



Source: Bureau of Economic Analysis and Bureau of Labor Statistics

mackinac.org

MACKINAC CENTER
FOR PUBLIC POLICY

years from 1994 to 2002, was flat-to-lower from 2003 to 2012, and has gradually risen since then.

What all these raw numbers fail to show is the devastating impact the one-state recession, which began in the early 2000s, had on Michigan workers, homeowners and taxpayers.

Michigan lost 805,000 jobs from 2000 to 2009.

Not surprisingly, the per-capita personal income of Michigan residents tumbled, falling from the nation's 18th-highest in 2000 to 38th place in 2009. (The actual numbers were \$30,310 in 2000, which was equivalent to \$37,913 when stated in 2009 inflation-adjusted dollars, and \$33,938 in 2009.) That decline was the fourth-largest for any state in the country during any nine-year period going back to 1929.

The relative decline in school funding, then, came during what some observers called the Lost Decade, when Michigan taxpayers were suffering economically.

"This is a classic case of 'You always find what you are looking for.' YAFWYALE," said Sen. Mike Shirkey, R-Clarklake. He was referring to a recent Michigan State University study that documents school spending declines but fails to provide context. "The MSU study is not necessarily technically inaccurate. It simply doesn't tell a complete story and seemingly attempts to lead readers to a specific conclusion. School funding is one of our highest priorities — right after safety. In the last eight years, we have improved K-12 funding. Significantly beyond inflation. I am not opposed to a fair assessment of where we are and an equally frank discussion about where we need to go. But we have to start with a full, complete picture." ■

The original version of this story was posted online on Jan. 30, 2019 and is available at MichCapCon.com/26239.



FIND US ON
facebook



See our latest stories right in your news feed! Follow us at:

Facebook.com/MichCapCon

U-M Diversity Chief Gets \$407k Annually, Oversees 12 Employees

Office budget is \$2 million, but that's not all

BY TOM GANTERT

The head of the University of Michigan's wide-ranging diversity programs and enforcement activities is collecting an annual salary of \$407,653, following a \$11,100 raise in 2018. The university employs more than 48,000 people, of which 51 collect a base salary of \$400,000 or above.

Robert Sellers, chief diversity officer and vice provost for equity and inclusion, has seen his income skyrocket since being appointed to the position in October 2016. According to U-M records, Sellers was paid \$190,000 as a professor of psychology in 2012-13.

U-M President Mark Schlissel was paid \$852,346 in 2018.

Sellers' wife is also part of the diversity bureaucracy at the university. Tabbye Chavous Sellers is program director for the National Center for Institutional Diversity on the Ann Arbor campus. She made \$181,404 in 2018. Robert Sellers and Tabbye Chavous Sellers came to U-M separately in different



years long before they were married, according to the university. They report to different departments.

U-M describes Sellers' academic background as this: "Dr. Sellers' primary research activities have focused on the role of race in the psychological lives of African Americans. He and his students have developed a conceptual and empirical model of African American racial identity. The model has been used by a number of researchers in the field to understand the heterogeneity in the significance and meaning that African Americans place on race in defining themselves."

University of Michigan-Flint economics professor Mark Perry has tracked U-M's efforts at diversity. Perry said Sellers' office now has a staff of 12 employees with a payroll cost of \$2 million.

However, the university's activities related to diversity cross many departments. An October 2018 document called the "Diversity, Equity & Inclusion Strategic Plan Progress Report" gives some sense of this. It includes items like, "LSA Collegiate Fellows Program: The program added nine new scholars in year two, bringing the total cohort to 16." It also mentions, "Trotter Multicultural Center: In year two, construction on the new student facility entered its final phase, and a cross-unit team of stakeholders provided recommendations on best practice programs in cultural competency, heritage and traditions for consideration by the center's newly appointed director."

The report includes a description of challenges faced by the initiatives, including this: "It was also a year rife with challenge. As political strife escalated, the national conversation around diversity, equity and inclusion became increasingly heated.

A series of hateful incidents on campus made for an emotionally challenging year. These events pointed up the dual reality that exists within our community and our country as a rising tide of progress is, at times, met with waves of opposition."

U-M states that its diversity efforts strive to "cultivate a campus community where everyone feels welcomed and can succeed, develop capacities of students, staff and faculty to live and work in a diverse and global society, positively impact communities through service and research."

The University of Michigan received \$370.4 million in state taxpayer dollars through the Michigan higher education budget for the current fiscal year. The university's total operating revenues for its fiscal year that ended on June 30, 2018, were \$3.028 billion, not including patient care revenue collected by its hospital system. Of this, \$1.310 billion was collected from net student tuition and fees. ■

The original version of this story was posted online on Jan. 8, 2019 and is available at MichCapCon.com/26158.

Driverless Car Company Gets Big Subsidy From Michigan Taxpayers

BY TYLER ARNOLD

Michigan officials last week authorized an \$8 million corporate subsidy for Waymo, an autonomous vehicle company that originated as a self-driving car project by Google. Waymo's parent company is Alphabet, Inc., which was started by Google's founders Larry Page and Sergey Brin who still serve as the company's top executives. Alphabet, Inc. reported profits of \$12.7 billion in 2017, according to recent Security Exchange Commission filing.

Although state economic development officials claim that giving the company the taxpayer-funded subsidy will reap economic benefits in the form of increased state employment, research on similar deals suggests it may not.

"Today's projects will fuel new economic activity across Michigan, strengthen communities, and create good-paying jobs for our residents," Democratic Gov. Gretchen Whitmer said in a press release.

Under the proposed arrangement, Waymo will locate "vehicle integration" operations in the state. A light-manufacturing facility

space will be built at a Southeast Michigan location yet to be determined. Officials from the state and Waymo say the factory will be the first of its kind, dedicating its space to the mass production of level 4 autonomous vehicles. Those vehicles which are supposed to require no driver attention whatsoever, but they operate only within limited and carefully mapped-out areas.

The project is expected to create 100 jobs, "with potential for up to" 400 jobs, and generate total private investment of \$13.6 million, according to a press release from the Michigan Economic Development Corporation, a state agency. The grant is said to be performance-based, meaning that to receive the full \$8 million, the company must first reach 400 employees. Waymo says it will hire engineers, operations experts and fleet coordinators in the region to assemble the self-driving vehicles.

"Michigan is at the forefront of innovation in automotive design and development, and high-tech auto companies continue to realize the invaluable assets that Michigan has to offer: high-tech engineering



resources, top-notch research and design, and a highly skilled workforce," Whitmer said.

Michael LaFaive, the senior director of the Morey Fiscal Policy Initiative at the Mackinac Center for Public Policy, said in an email that these corporate subsidies will not have the intended effects.

"The evidence on corporate handout programs is very clear," he said. "They are almost always ineffective. The specific program they used to subsidize this effort is a proven failure. We found that for every \$500,000 in handouts to corporations, there was a corresponding decline of about 600 jobs in the county hosting Michigan

Business Development Program projects. The program just takes money from lots of people and gives it to a lucky few."

Even when a subsidy program does bring employment, LaFaive said it is done at a "ridiculously high" cost to taxpayers. The government, he argued, should instead create a fair playing field for all businesses and allow the economy to develop spontaneously instead of enabling bureaucrats to decide which businesses are worth funding, giving certain businesses an unfair advantage.

"There were many reasons for Waymo to pick Michigan: talent, location to suppliers, possible winter test grounds and more," LaFaive said. "The subsidies they received just look like taxpayer icing on their location choice cake."

LaFaive suggested that the government spend the taxpayer money on something more likely to help all Michiganders, such as road transportation infrastructure. ■

The original version of this story was posted online on Jan. 31, 2019 and is available at MichCapCon.com/26235.

Tlaib Has Obscenities For Opponents, But Yea-Votes For Corporate Welfare

She approved \$1.03 billion worth of corporate handouts but calls them a ‘power grab’ that hurts people

BY TOM GANTERT

Newly sworn-in U.S. Rep. Rashida Tlaib, a Democrat from Michigan, sparked an international controversy when she used an obscenity when referring to President Donald Trump and her goal of impeaching him.

Dozens of media sites wrote about Tlaib's comment, including CNN and the BBC.

But Tlaib's remarks in a Jan. 1 Detroit News commentary should be even more troubling to Michigan taxpayers, because in it she discussed a bipartisan practice — which she approved — that continues to cost them money.

Tlaib described taxpayer-funded subsidies given to wealthy corporations such as General Motors as a “power grab” that was “enabled by politicians who didn't want to listen to the people hurt by their actions.”

But Tlaib's words would have more weight if not for her own voting record on special favors for corporations when she was a member of the Michigan House of Representatives from 2009 through 2014.

Tlaib served three terms in the state House from 2009 to 2014. During those years, she cast eight votes authorizing state taxpayer-funded subsidies to corporations and developers, voting “yes” in each instance. Altogether, she voted to authorize transferring \$1.031 billion in state tax money to politically favored businesses, with much of the money coming from individuals and small businesses.



In her newspaper commentary, Tlaib said the “we cannot continue to subsidize their [corporations'] greed with taxpayer dollars and get nothing in return.”

Yet rather than trying to shut down the wealth transfers, as a state representative, Tlaib took every opportunity that came before her to authorize more of them.

Here's what Michigan Capitol Confidential reported last month on Tlaib's history of supporting “corporate greed”:

Among the bills Tlaib approved was one authorizing a \$253 million subsidy

for electric car battery makers. Another one was for \$228 million for a state “21st Century Jobs Fund,” which writes subsidy checks to scores of private businesses.

Here is a list of the bills, with the amount authorized by each:

\$100,000,000. Senate Bill 777. Subsidize battery scheme in former Wixom auto plant. House Roll Call 469 on Sept. 10, 2009.

\$253,000,000. House Bill 5469. Give subsidies to electric car battery makers. House Roll Call 676 on Dec. 17, 2009.

\$365,000,000. Give subsidies to electric car battery makers. House Roll Call 96 on March 26, 2009. Senate Roll Call 83 on March 11, 2009.

\$9,500,000. Senate Bill 619. Tourism industry marketing subsidies. House Roll Call 122 on March 3, 2010.

\$24,000,000. Senate Bill 944. Subsidize developers' ‘historic’ building rehabs. House Roll Call 555 on Dec. 3, 2009.

\$50,000,000. Senate Bill 855. Subsidize electric car battery maker in former Wixom auto plant. House Roll Call 613 on Dec. 8, 2011.

\$2,400,000. House Bill 5732. Make subsidies for developers saleable to others. House Roll Call 680 on June 12, 2012.

\$228,000,000. Senate Bill 269. Authorize an extension to the ‘21st Century Jobs Fund’ for various business subsidies and other favors. House Roll Call 719 on Dec. 18, 2014.

Note: On Dec. 20, 2018, the Michigan House approved and sent to the governor a bill to again extend this last program for another four years and \$300 million. The bill is now Public Act 577 of 2018. Tlaib's last term in the Legislature ended in 2014. ■

The original version of this story was posted online on Jan. 5, 2019 and is available at MichCapCon.com/26139.

Legislature Forbids Local Governments From Creating Needless Licensing Requirements

More people will be able to freely work across the state

BY JARRETT SKORUP

Plumbers, electricians, contractors and many other skilled tradespeople can rejoice: Local governments in Michigan can no longer require an individual to get an extra, local occupational license before they can work legally. From now on, a state license will suffice no matter where a licensed worker chooses to do business.

Other workers should cheer as well since local governments are also banned from creating new licenses and registration

requirements for occupations the state does not license.

That's the result of a new package of laws passed by the Michigan House and Senate. House bills 5955 through 5965 apply retroactively to Jan. 1, 2018.

This legislation repeals any local laws that require an occupational license or registration for the 200 jobs already licensed at the state level. Occupational licensing generally requires workers to get mandatory training, complete certain education coursework and pay fees. Local

governments will still be able to require licenses for certain types of businesses.

Detroit requires licenses for about 30 occupations, including plumbers, elevator contractors, boiler operators, mechanical workers and more. The legislation would repeal these.

The city also requires licensing and registration for dozens of other occupations, like snowplowers, sign erectors, movers, window washers and awning installers. The new laws prevent this from spreading to other cities. Other municipalities in

Michigan also require individual licenses (like auctioneers in Lansing) while some have begun repealing them on their own.

This is welcome news. It allows people to freely work across the state with less red tape and prevents new unnecessary mandates. Where occupational licenses are needed, a state license should make it legal for individuals to work anywhere in the state. ■

The original version of this story was posted online on Dec. 18, 2018 and is available at MichCapCon.com/26116.



Taxpayer Backlash Coming Over Billions In Amazon Subsidies

But the rebellion against corporate handouts hasn't reached Michigan

BY TOM GANTERT

Taxpayer subsidies given to the retail and tech giant Amazon may spur a backlash against corporate welfare, according to media pundits.

The company is back in the news after changing its mind and telling New York politicians that they can keep up to \$3 billion in subsidies and tax breaks they promised the firm if it would locate another headquarters in New York City. Also, Amazon didn't pay any federal income taxes on profits of \$11.2 billion in 2018, according to a report from the Institute for Taxation and Economic Policy.

The report claims that federal income tax credits and exemptions allowed the

company to get a federal tax rebate of \$129 million in 2018. ITEP claims that 2018 is the second consecutive year in which Amazon hasn't paid any federal income taxes.

The ITEP report stated, "During the previous five years, Amazon reported U.S. profits of \$8.2 billion and paid an effective federal income tax rate of just 11.4 percent. This means the company was able to shelter more than two-thirds of its profits from tax during that five-year period."

In an article titled, "Will backlash against Amazon's NYC tax breaks kill other deals?" CNN reported that critics said the fallout could change the prospects for corporate

welfare deals throughout the country. "They say it's the beginning of the end of state and local governments showering companies with billions of dollars in tax breaks and other incentives," CNN wrote.

Michigan politicians participated in the Amazon HQ2 sweepstakes in 2018, reportedly offering tax breaks and subsidies worth up to \$4 billion. The company wasn't interested in constructing a Detroit facility, but it has accepted other taxpayer handouts from Michigan.

Michigan Capitol Confidential reported in June 2018 and previously:

- The Michigan Economic Development Corporation awarded Amazon a \$4 million grant in May 2018 for a 100-acre distribution center in Gaines Township.
- The state agency in charge of giving corporate subsidies approved a \$4.5 million grant for Amazon in September 2017 in return for the company building a distribution center in Shelby Township.
- In June 2017, the MEDC approved a \$5 million grant for Amazon for a distribution center in Romulus.
- The MEDC approved a \$7.5 million business subsidy in December 2016 for another distribution center in Livonia.

In 2018 Amazon made a high-profile announcement that prompted officials in many states and hundreds of cities to pitch subsidy deals aimed at attracting two new headquarters for the company. Amazon chose New York City and Arlington,

Virginia, for the two sites, but it recently backed out of the New York deal.

Soon after Amazon canceled its deal in New York, one Michigan politician went on Facebook to pitch his city.

"Amazon is canceling New York City as a destination, so why not Warren?" Warren Mayor Jim Fouts posted on his Facebook account.

Fouts did not speculate in the Feb. 14 post how many state taxpayer dollars Michigan officials would have to deliver to bring the company to Michigan.

In January, Amazon became the most valuable company in the country, with a market capitalization (the value of all its stock) of \$789.2 billion, according to MarketWatch. In recent months, the spot has been held by Apple and Microsoft, as well.

In 2017 Michigan politicians approved two large corporate and developer subsidy deals. One will transfer \$1 billion from state taxpayers to developers over 20 years, with most of it likely going to Detroit developer Dan Gilbert. Another bill passed by the Legislature proposed giving Foxconn, a Taiwan-based company that builds iPhones, up to \$200 million. That money instead will go to other corporations because Foxconn chose to locate a new plant in Wisconsin, another deal that has canceled, but may have been renewed in recent weeks. ■

The original version of this story was posted online on Feb. 18, 2019 and is available at MichCapCon.com/26280.



Earning \$100k Or More In Detroit Schools

110 employees reach six-figure payouts

BY TOM GANTERT

Over 100 people employed by the Detroit Public Schools Community District — 110, to be precise — were paid \$100,000 or more in the 2017-18 fiscal year. The district had 6,988 employees that year.

Most of the \$100,000-plus employees held administrative positions such as principals and assistant principals. But the list also included one teacher and two police officers. The combined salaries of the \$100k club amount to \$13.3 million.



The Michigan Office of Retirement Services provided the information in response to a request under the state's Freedom of Information Act for the salaries of everyone

who is enrolled in the Michigan Public School Employees Retirement System. The salaries are only one part of an individual's gross pay, which is what ORS figures actually disclose.

So for example, one Detroit teacher earned \$100,057 in 2017-18. But the response to a separate FOIA submitted to the Detroit school district indicated that this 7th- and 8th-grade teacher's base salary was \$84,505. The extra \$15,552 included in gross pay figures was due likely, in part, to the teacher being listed as a program director.

There are numerous ways teachers can earn extra money by taking on additional

responsibilities. That teacher's gross pay may also include merit pay, which the district offers, up to \$5,000.

The highest-paid Detroit employee was Superintendent Nikolai Vitti who was paid \$295,000, making him the only employee to collect more than \$200,000 that year.

The Mackinac Center for Public Policy has a salary database available online at Mackinac.org/Salaries. ■

The original version of this story was posted online on Jan. 3, 2019 and is available at MichCapCon.com/26134.

Liberals, Democrats Question Conservatives' Right to Equal Protection

Democratic legislator calls 'ludicrous' comparison of free market donors' privacy rights to 1958 NAACP members

BY TOM GANTERT

The Michigan Legislature has passed a bill that would protect donors to nonprofit organizations from having personal information and details of their contributions turned over to government agencies and posted on the internet.

Critics of Senate Bill 117 questioned the need for such a bill and ridiculed comparisons to a 1958 U.S. Supreme Court ruling that the state of Alabama could not demand a list of NAACP members. The Supreme Court ruled the demand violated the right of due process protected by in the 14th Amendment to the U.S. Constitution.

In the current era, there is no dispute over the danger to members of the NAACP in 1958 when the Jim Crow-era government of Alabama demanded their names and addresses. But today it is mostly donors to conservative and free-market organizations who feel threatened by such demands for public disclosure. Yet comparisons to that Supreme Court ruling have brought forth scorn from Democratic politicians and liberal websites.

Among many examples, a 2016 story on the left-wing Mother Jones website was titled, "Dark-Money Groups: Hey, We're Just Like '50s Civil Rights Activists in Alabama!" The subtitle read, "Supreme Court ruling helped protect the NAACP. Now it's protecting fat-cat donors."

Michigan Democrats echoed this attack this week when they lashed out at Mackinac Center for Public Policy's David Guenther, a senior strategist for state affairs who

referenced the Alabama-NAACP ruling in his testimony before the House Committee on Michigan Competitiveness.

In response, Rep. Abdullah Hammoud, D-Dearborn, said he found the comparison ludicrous and extremely offensive, according to the Detroit Free Press.

Rep. Tenisha Yancey, D-Harper Woods, asked Guenther if he knew of cases in which "people contributing to political campaigns have been hanged," the Free Press reported.

Guenther said he did not, but he could have described death threats received by his organization, the Mackinac Center for Public Policy, in 2012.

Laura Campbell of Illinois admitted in court that she left numerous messages on the Mackinac Center's voicemail

system threatening to kill "all of you" and "bomb you."

"Scotty Walker is dead. So are you," one voice message said.

"We are going to just destroy you and take you down. We will destroy you. ... You are on Main Street. You are the first place to be bombed," another message said.

And the Mackinac Center isn't the only free-market nonprofit to be the target of death threats.

In 2016, U.S. District Court Judge Manuel Real cited death threats made to the nonprofit Americans for Prosperity Foundation when he denied demands by the state of California for the group to turn over its donor information.

Kamala Harris, then attorney general of California, was trying to get donor lists

with individuals' names and addresses from nonprofit organizations, including AFP.

While her office claimed that the donor list would be kept confidential, it was found to have published 1,778 documents with donor names and addresses on a website available to the public.

"Although the Attorney General correctly points out that such abuses are not as violent or pervasive as those encountered in NAACP v. Alabama or other cases from that era, this Court is not prepared to wait until an AFP opponent carries out one of the numerous death threats made against its members," Real wrote.

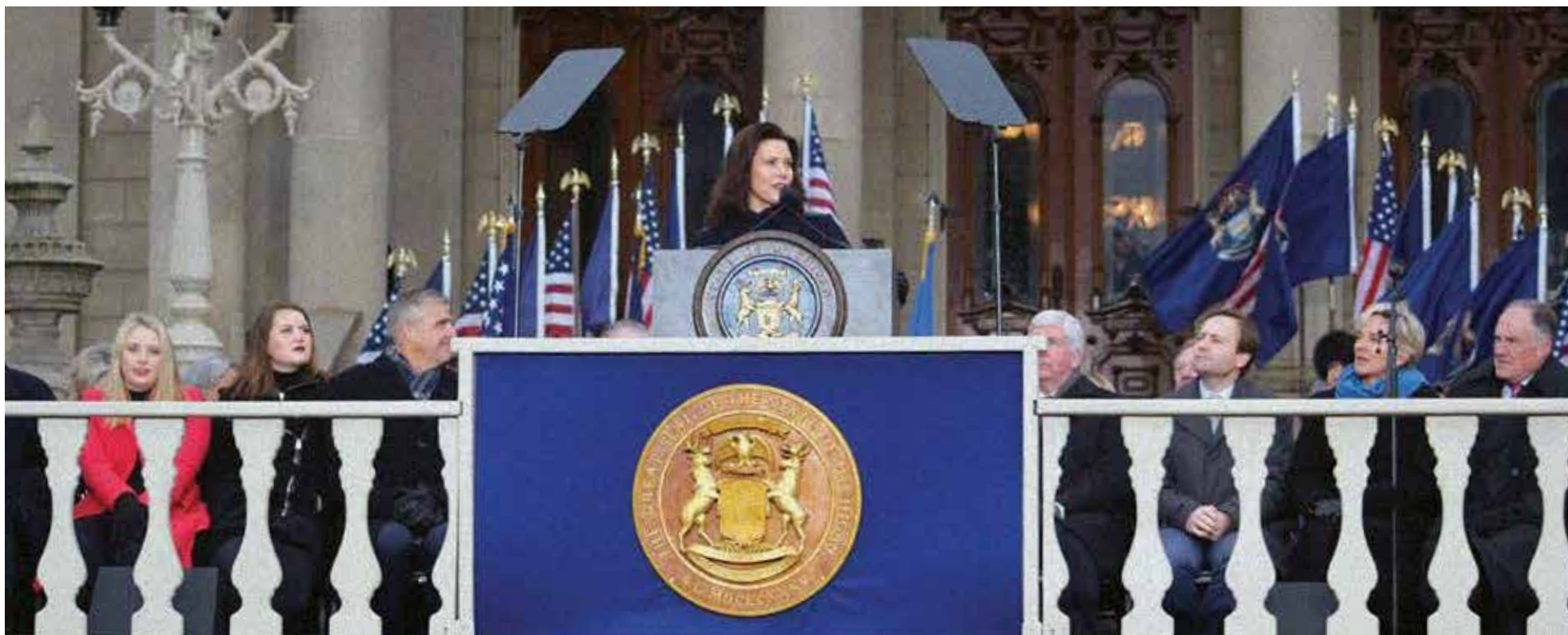
The Ninth U.S. Circuit Court of Appeals overturned Judge Real's decision.

In addition to physical threats, nonprofit donors have other reasons to fear the government obtaining their data.

Chris Fink, CEO of AFP, said during the California case proceedings, donors were concerned that they could face retribution from the IRS if their names were released to the government. In 2017, U.S. Attorney General Jeff Sessions admitted in a press release that the IRS had indeed targeted conservative nonprofits. Sessions said the IRS targeted hundreds of applications by nonprofits for additional scrutiny and delays and also requested donor information that he said was not needed to make a determination of tax-exempt status. ■

The original version of this story was posted online on Dec. 22, 2018 and is available at MichCapCon.com/26122.





False 'School Funding Cut' Claim Must Be Useful

But pesky state spending data keep getting in the way

BY TOM GANTERT

Newly sworn-in Gov. Gretchen Whitmer campaigned on the claim that Republicans who controlled the state Legislature the past eight years were “slashing school funding.”

The same claim was repeated constantly in 2014 by gubernatorial candidate Mark Schauer and other Democrats — until the mainstream media acknowledged its inaccuracy and began reporting state Department of Education and other data debunking it.

The myth that public schools in Michigan are getting less money today than in 2011 when then-Gov. Rick Snyder took office is one of the most enduring falsehoods of the last decade.

Michigan Capitol Confidential first reported in July 2013 that state financial records refuted the myth of slashed school funding. Michigan Capitol Confidential has published more than 1,000 articles over nearly nine years on school funding issues.

The myth lives on in part because Michigan’s legacy media outlets have been inconsistent in their reporting on school funding.

The Detroit Free Press, for example, was one of the first newspapers to acknowledge

that school funding had not been cut by Gov. Rick Snyder and a GOP legislature. On Feb. 2, 2014, the Free Press discredited claims that Snyder had cut \$1 billion from K-12 funding, showing that he had instead increased K-12 funding.

MLive followed on Feb. 5, 2014, with a story that stated that the Democrats’ “Snyder cut \$1 billion” claim was not true. On Oct. 16, 2014, the Citizens Research Council chimed in with evidence that school funding had increased under Republicans, not been cut.

But less than a year later, a Sept. 7, 2015, Detroit Free Press article picked up the theme again with claims of budget cuts, saying that school districts faced cuts in “state aid.”

Similar false claims have been echoed continuously by politicians, progressive analysts and union administrators.

The organization Education Trust-Midwest implied as recently as December 20, 2018, that school funding has been cut, when it wrote the state has engaged in a “decade-long disinvestment in students, teachers and public schools.”

In the face of this one-sided onslaught, the public has largely bought into the myth.

For example, a 2014 poll by Inside Michigan Politics/Lambert, Edwards & Associates/Denno Research stated that 53.8 percent of voters believed school funding had been cut by Gov. Snyder while 24 percent were undecided.

Evidence rebutting the claim is available from any number of official sources. The Senate Fiscal Agency has reported that K-12 school funding has increased every year in the eight years of Republican control of the state Legislature. The Michigan Department of Education publishes regularly updated tables that reveal fine-grained, per-district and statewide school funding details.

Other kinds of evidence reinforce the point that school funding has not declined.

According to the Michigan Department of Education, just 10 Michigan school districts are projected to have placed themselves in deficit by outspending their revenue, as of the end of the 2018 fiscal year, not including Detroit Public Schools Community District and Highland Park City Schools.

In 2013, then-state of Michigan Public Schools Superintendent Mike Flanagan told legislators that he expected there would soon be as many as 100 schools in deficit.

That didn’t happen. MDE spokesman Bill DiSessa attributed the turnaround in school finances to an improving state economy and early intervention by the State Treasury with school districts facing budgetary issues.

Still, Michigan teachers unions have continued with the drumbeat of school funding cuts, which serves their interest by creating a climate of crisis in the mind of the public.

Mark Hackbarth, the president of the Midland City Education Association, recently said the state has not adequately funded schools, leading to budgetary problems. Yet, even at his own school district, Midland Public Schools, state funding has increased significantly.

“When the schools get an increase but they don’t get as much as they think they’re going to get, they call that a cut. That’s B.S.,” said then-Senate Majority Leader Arlan Meekhof, according to The Associated Press. ■

The original version of this story was posted online on Jan. 2, 2019 and is available at MichCapCon.com/26133.



MichiganVotes.org

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

House Bill 4033

Compel public employees to pay union fees

Introduced by Rep. John Chirkun (D)

To allow public employee unions that organize workers in government and public school workplaces, and those workers' employers, to enter contracts that impose a union "service fee" on all employees, even if an individual does not wish to financially support the union. The proposal may violate the U.S. Supreme Court's June 2018 ruling in *Janus v. AFSCME*, which held that compelling government employees to pay dues or fees violates their civil rights under the 1st Amendment's freedom of speech and freedom of association provisions. It would also reverse the provisions of Michigan's right to work law for public employees.

2019 House Bill 4062

Revise road tax revenue distribution formula

Introduced by Rep. Jeff Yaroch (R)

To revise the formula adopted in 1951 to allocate state road tax revenues between the state, county and local road agencies. The bill would change the formula from one based on the miles of road in a jurisdiction to one based on miles of lanes, which would have the effect of transferring more money to more densely populated jurisdictions that have more multi-lane roads. The formula has not been substantially changed since 1951 because there has never been a consensus on a better way to reallocate this money in a way that balances the goal of connecting distant communities with the desire for improved roads within communities.

2019 Senate Bill 1

Assert intention to lower auto insurance rates

Introduced by Sen. Aric Nesbitt (R)

To establish as the intent of the legislature that the legislature enact reforms to Michigan's no-fault auto insurance system and that rates come down. The bill lists the components of this issue that appear ripe for reform but does not prescribe any specific reforms.

2019 Senate Bill 16

Add "claw back" provisions to future state subsidies to corporations and developers

Introduced by Sen. Jim Ananich (D)

To add "claw back" provisions to selective subsidy deals that state officials give to particular corporations and developers, which in theory permits the state to get back money it has given to firms that later leave the state. The bill would only apply prospectively, so companies that already have been granted several billion dollars in taxpayer subsidies in agreements lasting as long as 20 years would not be affected.

Senate Bill 64

Authorize different jury pools

Introduced by Sen. Betty Jean Alexander (D)

To allow courts to create a jury pool "consisting of jurors drawn from within a municipality in counties with concentrations of specific and identifiable ethnic groups that are not represented in a countywide pool to increase the likelihood of drawing juries of one's peers."

House Bill 4071

Make kindergarten attendance compulsory for 5 year olds

Introduced by Rep. William Sowerby (D)

To extend to children who turn age five before Sept. 1 the law makes school attendance compulsory for children age 6 and older. This would have the effect of making kindergarten attendance compulsory, subject to the same exemptions that apply to private schools and homeschooling. The bill would also require school districts to provide kindergarten (for which they also get per-pupil state grants).

Senate Bill 54

Give some developers tax breaks for rehabbing "historic" structures

Introduced by Sen. Wayne Schmidt (R)

To grant certain developers approved by state or local officials credits against the business income tax that are worth up to 25 percent of the amount spent to restore a structure that meets various criteria for being "historic." Up to 90 percent of a credit valued below \$250,000 would be "refundable," making these virtual cash subsidies. Developers could also "carry forward" any unused credit amount for up to 10 years.