By Ken Braun

Almost everyone loves puppies, at least until they start making messes on the carpet. With every puppy comes the responsibility of training it to become “man’s best friend.” The same can be said about legislators. While they are, of course, not dogs, they do need to be trained in order to be turned into a voter’s best friend. While most go to Lansing or Washington to do the right thing, many will end up making messes that result in less liberty.

Training legislators, as with training puppies, must be done with care and common sense. Puppies don’t learn to bark before going outside because their masters have set an example by relieving themselves in the backyard. That type of “communication” would just confuse a puppy (to say nothing of the neighbors). Instead, an external system of rewards and punishments is used to guide the puppy toward doing the right thing.

There’s a lesson in this for tea party groups who seek to communicate their concerns to politicians. You don’t need to explain the principles or speak their language to get your point across. Indeed, this is often the last thing that will work. While trying to speak their language can take many forms,
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Sincerely,

Kenneth M. Braun, Senior Managing Editor, Michigan Capitol Confidential
How Is Gov. Snyder Doing So Far?

BY JOSEPH G. LEHMAN

The following is an edited version of a commentary that appeared in Dome Magazine (www.domemagazine.com/features/cov03113) on March 19, 2011, 10 weeks into Gov. Snyder’s term.

What a governor does means more than what a governor says or what kind of people he brings to his team. Gov. Rick Snyder has stated intentions and filled appointments, but he must be judged by his executive actions and signatures on bills. At this early stage in his term, Gov. Snyder’s actions are painting a picture of a chief executive who could be quite strong on tax and fiscal policy.

His most consequential act so far has been the introduction of his state budget. Gov. Snyder did three important things when he sent his plan to the Legislature only seven weeks after taking office. He led with his strength as a CPA-minded business executive, he announced his most urgent priority, and he gave momentum to truly beneficial changes.

His budget reduces spending by $1.2 billion, cuts taxes by a net $254 million in 2012 and simplifies the tax structure. In all three areas, it’s a significant departure from current, failing policies, and the immediate net fiscal effect is to close the projected $1.8 billion deficit.

The spending reductions allow the state to live within its means without extracting more from the ailing private sector. Not only would a tax increase have been politically unpopular, but my colleagues estimate that Gov. Jennifer Granholm’s proposed sales tax hike, for example, would have eliminated 30,000 more jobs. Gov. Snyder’s proposed $1.1 billion business tax cut should help spur the re-creation of some of the more than 850,000 jobs we lost in the last decade.

The part of the budget with the most potential long-term impact, however, is the tax simplification. Gov. Snyder’s plan largely reverses more than a decade of failed attempts to create jobs through a constellation of special tax deals, credits, gimmicks and subsidies targeted at the ever-changing industries du jour.

Loved by the politicians who make friends by giving away goodies — and the companies that don’t want to leave goodies on the table — programs like the Michigan Economic Growth Authority and the film subsidies have not worked. Ironically, Republican Gov. John Engler started us down this road with MEGA’s creation. Gov. Granholm then doubled down on his unsuccessful initiative, creating boutique incentive programs for film, battery, solar, windmill and other industries. While officials churned out news releases touting Michigan’s aggressive inducement campaigns and award-winning commercials, we bled more jobs than any other state. The more we bribed certain companies to come, the more our other employers found Michigan too expensive a place to keep people on the payroll.

Scaling back the incentive programs and removing a host of special exemptions from the Michigan business tax will channel companies’ ingenuity and wealth into creating jobs, not lobbying for loopholes or currying favor with politicians. It sends a signal to businesses everywhere that Michigan is a place where everybody knows the rules, and everyone plays by the same rules, which has not been our approach since at least 1995.

The few remaining business subsidies in Snyder’s plan would go through the appropriations process, not the tax code. This is a huge improvement because it subjects each subsidy to public scrutiny before (not after) the deals are done, and requires lawmakers to take stands on individual deals.

The governor kicked a hornet’s nest when he proposed eliminating Michigan’s generous income tax exemptions on pension income, but the idea is entirely and admirably consistent with his approach on the MBT: keep the rate low and treat everyone pretty much the same.

Fiscally, raising pension taxes is unnecessary. Politically, it is a tough sell. Those whose taxes go up because of it won’t care if his plan is a net tax cut. If he ends up having to compromise on this point, he has plenty of room to cut spending elsewhere in the budget.

For instance, my colleague James Hohman has calculated that if public-sector workers’ benefits were merely benchmarked to private-sector averages, the state, public schools and municipalities would save $5.7 billion each year. That’s enough to close the deficit, eliminate the MBT entirely, fix the roads and still have hundreds of millions of dollars left over. And it can be done without cutting a single government job, wage or program.

One of the first bills signed by the governor spends $25 million on the Pure Michigan tourism promotion campaign. The tourism industry won’t fund the program, even though its officials claim the ads are a big moneymaker. If the going gets tough on the budget, Gov. Snyder may wish he had that $25 million to fix potholes, pay pensions or train police.

However, Gov. Snyder made an outstanding decision when the Department of Human Services reversed a policy of his predecessor that enriched unions at the expense of low-income children and their caregivers. The Mackinac Center has represented three workers in a lawsuit against the state seeking an end to this collection of millions of dollars in so-called public-sector union dues from private day care owners and workers.

His decisive move frees up 40,000 workers from a union if they don’t want to associate with it, and stops letting the union use the state as its bag man.

Another decision, to combine certain regulatory and permitting functions in a single department, missed a big opportunity. Environmental permitting should have been brought into this new department to streamline the process and make it more responsive to the needs of job creators. Unless the Department of Environmental Quality becomes at least as concerned with protecting the economic ecosystem as it is with protecting the rest of nature, the agency will act as a check on our growth that could offset many of Gov. Snyder’s positive changes.

One cannot address the structural challenges of scaling back the incentive programs and removing a host of special exemptions from the Michigan business tax will channel companies’ ingenuity and wealth into creating jobs, not lobbying for loopholes or currying favor with politicians. It sends a signal to businesses everywhere that Michigan is a place where everybody knows the rules, and everyone plays by the same rules, which has not been our approach since at least 1995.

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States May Seize Control of Federal Deficit Spending Power

BY TOM GANTERT

The state of Michigan is joining a growing number of states that have lawmakers who plan to draft and pass an amendment to the federal constitution that would put states in the driver’s seat, and require their approval as “co-signers” before the federal government can increase the national debt. If RestoringFreedom.org’s National Debt Relief Amendment becomes part of the U.S. Constitution, a majority of the states would have the power to dictate to Washington the terms and conditions of increasing the national debt. According to USDebtClock.org, the U.S. is $14 trillion in debt as of Jan. 12. That will cost each taxpayer $126,828 to pay off. Glenn Hughes, co-founder of RestoringFreedom.org in Texas, started the non-profit organization a couple years ago. Michigan state Rep. Tom McMillin, R-Rochester Hills, said he will soon introduce a joint resolution that will be modeled after RestoringFreedom.org’s model bill. McMillin pointed to the problems of debt-ridden countries such as Greece and Ireland. “We need to get our spending under control,” McMillin said. Hughes said he hopes to get enough states in line within three to five years, and that lawmakers in Arizona, Utah, Missouri, North Dakota, Pennsylvania, Indiana and Tennessee already have plans to get the process started. He said he needs 34 states approving resolutions to get a constitutional convention, and then 38 states to ratify the amendment. Even though the proposal comes at a time when politics has become divisive, Hughes points to national polls that show reducing the federal deficit has across-the-board appeal. A CNBC-AP poll from November found that 85 percent of those surveyed thought the federal debt will harm their children’s and grandchildren’s future. “This is the common ground we found with Democrats, Republicans and Independents,” Hughes said. “The vast majority say we are headed for a cliff with this ever-increasing federal deficit.”

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GOV. SNYDER from Page 3

Michigan’s governments without confronting government unions.

“Gov. Snyder has had a promising debut, especially on fiscal and tax matters. It’s clear he’s the sort of person who is honest with himself about what balance sheets and cash flow statements say.”

Gov. Snyder is taking a different approach, at least in public, than some of his fellow Republican governors. The emergency financial manager legislation he signed is a step in the right direction of balancing unions’ abilities to push schools and municipalities — and their taxpayers — into bankruptcy. He should not stop with the EFM legislation. Several states do not confer collective bargaining privileges on government unions at all, and Michigan could become one of them with an act of the Legislature. Short of that, the governor could push for legislation that would create open government employment, where no union could get a public employee fired just because he or she doesn’t want to support the union. Another option would be to simply stop performing the courtesy of collecting dues for unions. Unions that have to collect their own dues from members have stronger incentives to serve them well.

Gov. Snyder has had a promising debut, especially on fiscal and tax matters. It’s clear he’s the sort of person who is honest with himself about what balance sheets and cash flow statements say. He views things through a fiscal lens, which is a good place for a governor to start. To encourage job growth and permit fiscal breathing room in the future, he must be equally strong on regulatory and union matters.

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

False Fears, ‘Runaway Conventions,’ and the National Debt Relief Amendment

State Rep. Tom McMillin, R-Rochester Hills, has said he plans to soon introduce a proposal that, if approved by state lawmakers, would place Michigan among a list of states proposing that the “National Debt Relief Amendment” be added to the U.S. Constitution.

The text of the proposed NDRA reads as follows:

“An increase in the federal debt requires approval from a majority of the legislatures of the separate States.”

In the simplest terms, this means that Congress and the president could no longer deficit spend without first getting permission from a majority of the states. This new plan for halting and reversing runaway federal spending was designed and is supported by RestoringFreedom.org and is gaining support in many state Legislatures.

More information is available at the National Debt Relief Amendment information page (www.mackinac.org/14578).

Two-thirds of the states must agree to propose new constitutional amendments by applying to Congress to call an Article V amendments convention — which is simply an assembly of state delegates, like an interstate task force, that is organized to consider a specific amendment agenda. All fifty states would be invited to attend this convention. Three-quarters of the states (38 states) would have to ratify any amendment the convention proposed before it became part of the U.S. Constitution.

A common misconception surrounding the Article V amendments convention is that it risks the possibility of a total or substantial re-write of the entire U.S. Constitution.

Nick Dranias is a constitutional lawyer and director of the Joseph and Dorothy Donnelly Center for Constitutional Government at the Goldwater Institute in Arizona. He is an expert on the Article V amendment process and an advocate for the budget restraining power of the National Debt Relief Amendment.

Dranias’ thoughts about the fears of a “runaway convention” are noted below.

A brief video is also available online at www.restoringfreedom.org/faqs-2.

Dranias’ views are largely shared by several free-market constitutional law experts, including Ilya Shapiro of the Cato Institute, and Robert G. Natelson, retired law professor from the University of Montana.

Natelson has written a detailed report about the Article V process and its history. (See related story on page 7)

THE MYTH OF THE RUNAWAY CONVENTION

BY NICK DRANIAS

Critics of an Article V amendments convention claim the states could unleash a runaway “constitutional convention” by exercising their Article V powers. But the states do not have authority under Article V to call a “constitutional convention.” Indeed, the words “constitutional convention” appear nowhere in the Constitution.

Article V of the U.S. Constitution gives a supermajority of state legislatures the power to force Congress to call a convention to restrain an overarching federal government through targeted constitutional amendments.

See “False Fears,” Page 14
Tea Party Could Cut Up the Federal Credit Card

BY KEN BRAUN

I ndividual liberty advocates are opening a new front in the tea party battle against the federal government’s power to ring up bigger debts. They have created a proposed constitutional amendment that would require a majority of state legislatures to ratify any future increases in federal borrowing. But unlike many amendment proposals that require Congress to get the ball rolling, supporters of the “National Debt Relief Amendment” want to use local citizen activism and launch the amendment from state legislatures, as allowed under Article V of the U.S. Constitution.

Created by Dallas-based RestoringFreedom.org, the proposal would add the following language to the U.S. Constitution: “An increase in the federal debt requires approval from a majority of the legislatures of the separate States.”

RestoringFreedom.org was co-founded by businessmen James Booth of Dallas, Texas, and Glenn Hughes of Scottsdale, Ariz. Hughes says the two men began by exchanging e-mails after they became “real frustrated with skyrocketing federal debt and we saw it as a real threat to our children and grandchildren and our nation as a whole.”

RestoringFreedom.org was born as the vehicle to set that right. “[The] goal is to develop, bring and sell solutions to some of America’s problems,” says Booth.

During March of last year, following nine months of research and working on an ideal target for their combined energy, they hit upon the idea of adding the NDRA to the U.S. Constitution. Believing they had a winner of a proposal that could force Washington to put away the federal credit card, Booth and Hughes asked the Goldwater Institute — a free-market research think tank based in Arizona — to give it a look.

Goldwater was sold. “They confirmed our belief that this amendment would actually lead to a balanced budget,” said Hughes in a series of videos produced by Goldwater to educate Americans about the idea. “Fifty states with 7,500 legislators will have the opportunity to look behind the curtain and see what is going on in Washington, D.C., when it comes to mortgaging our future,” said Nick Dranias, director of the Center for Constitutional Government at Goldwater, in one of their videos. “[If] there was ever a glaring omission in the constitution, it is the omission of any mechanism by which to control the ability of the federal government to generate debt.”

Because the states cannot deficit spend and must balance their annual budgets, state-level politicians are likely to have a less profligate attitude toward mortgaging the nation, contends Byron Schlombach, director of Goldwater’s Center for Economic Prosperity.

And then there are the voters themselves. Rather than going to Washington, D.C., state politicians are much closer to the people they represent and thus easier to influence if the taxpayers want Washington to reduce spending. Schlombach argues that this will alter the way government borrows money in America.

“If the federal government thinks it is wise to deficit spend, we will have a full out, national open debate over it.”

The main principle driving the “tea party” movement is a backlash against federal debt and spending. It was inadvertently launched in the spring of 2009 from the floor of the Chicago Mercantile Exchange by CNBC reporter Rick Santelli, who called for a “Chicago Tea Party” to protest federal plans to bailout imprudent home owners. It has continued with opposition to the federal stimulus bills and the passage of ObamaCare.

The politics of passing an NDRA would seem a natural fit for the work of tea party sympathizers.

Ratification of a new amendment requires approval from three-fourths of the states, either through their legislatures or popular vote, whichever method is chosen by Congress. But Article V of the Constitution lays out two methods for proposing new amendments. Two-thirds of each house of Congress may propose new amendments and submit them to the states. Alternatively, the legislatures in two-thirds of the states may propose their own amendment ideas by demanding that Congress call a “convention for proposing amendments.”

Because it would significantly limit the power of federal lawmakers to create debt, it seems highly unlikely that Congress will eagerly send NDRA to the states. But this dynamic works the other way if it is state legislatures that are being pressured to propose the amendment. RestoringFreedom.org and its allies will be asking state lawmakers to support a proposal that will give them veto power over federal spending — a substantial addition to their authority. And because those deficit-averse tea party members are closer to state capitol, pressure on state lawmakers to move the NDRA along toward ratification can be more easily and regularly applied.

But Goldwater’s constitutional experts see the support base for the NDRA as potentially much larger than just the tea party activists who are in the streets today.

“It is a battle worth having, no matter what,” says Clint Bolick, director of Goldwater’s Scharff-Norton Center for Constitutional Litigation. He envisions a movement in favor of passing the NDRA that will “galvanize the American people to express their concerns about a mounting federal debt.” This, he predicts, would provide the “broadest popular consensus” that today’s Americans have ever seen in support of a cause.

Indeed, even though Democrats now rule the White House and at least half of Congress, skeptical state legislatures of the future could just as effectively use an NDRA to check the spending power of Republicans if and when they again rule over most of Washington.

Dranias emphatically asserts that the NDRA is designed to cut both ways, and should be used to check the spending habits of all politicians.

“It doesn’t matter what political party is in control,” he says. “The same old story repeats itself: A Congress that is unable to restrain itself and continues to borrow and borrow from our children's future to the point where government will no longer be sustainable at the federal level.”

In simplest terms, Dranias says the NDRA imposes on the federal government something that every household should have: Responsible adults to watch over the spending.

“The federal government, no matter who controls it, needs a co-signer on any new credit card that they give themselves,” he says. “The co-signer is the branch of government that is closest to the people.”

RestoringFreedom.org is actively soliciting members to join their cause. Membership is free, but they do take donations.

In the short term, members and sympathizers are being encouraged to contact their state lawmakers and urge them to pass resolutions to Congress demanding an amendments convention that will debate and propose a National Debt Relief Amendment.

The American Legislative Exchange Council is now in the preliminary stages of drafting model legislation that state lawmakers can introduce in favor of a NDRA. ■

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PUPPY TRAINING
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the most common one is the misconception that activist citizens outside the legislative process can – in real-time – easily influence lawmakers during the heat of a legislative battle. You may have been subjected to this fallacy if you have ever received an email “alert” or other communication telling you to go call your lawmaker “immediately” so that you can make a difference regarding a vote that is taking place “right now.”

It rarely works that way.

In most cases, you got the word too late. Your lawmaker may have already made up his or her mind. Or he or she is talking to another lawmaker, or a lobbyist, who knows the issue better than you do. Or it’s one of those votes taking place late in the evening, long after the staff you think you are calling has already gone home. Or the vote you were told to call about is a version of the bill that no longer exists because new language or new amendments were added or deleted. (And when that happens, you may get another urgent “alert” telling you to call AGAIN about the NEW bill. Rinse, repeat).

Or it’s a combination of all of these, and much else.

The brutal fact of representative government is that citizens not on the floor of the legislature are suffering a massive information deficit that is usually fatal regarding their ability to change the mind of a politician during a legislative battle. Your lawmaker has the “experts,” staff, lobbyists and other lawmakers feeding him or her information that you do not and cannot know. When the situation changes – as it often does rapidly and without warning on complicated and/or controversial legislation – he or she knows this right away, but you may not know it for hours (or days). Indeed, lobbyists who are paid large salaries to know these things are not always up to speed when it counts the most because they are not in the legislative chamber either.

A tea party group trying to chase these moving targets that they often cannot even see is setting itself up for both failure and frustration. Rarely is it effective.

Like the trained puppy, your lawmakers will follow the training that has been driven into them beforehand. Trying to teach these at the last minute is usually as effective as racing out and peeing on your own backyard as soon as you see the puppy lift his leg on the rug. Representative democracy, like puppy training, means you teach the big idea well in advance and then trust the politician or the puppy to do the right thing with the specific details when the big moment arrives.

Counter-intuitively, this means that you can often make the biggest difference well after the vote is over. Afterward, you can find out what your lawmaker knew at the time, and judge whether they made the right decision or not. If they barked smartly and did their business outside where it belongs, a tea party group can send a big important message by effusively praising them for it. But if they peed on the rug, an equally powerful and effective message can be sent by rubbing their nose in it.

With this past experience in mind, a politician will learn what is expected of them the NEXT time an important vote comes up. Whether the issue is taxes, spending, regulations or what not, a message has been sent to the politician regarding the type of conduct that is acceptable – and what is not. Either way, they learn that praise or punishment from a tea party is a real consequence of their future actions.

Astute readers of Michigan Capitol Confidential will notice that this understanding of the process informs much of our work when we report to you about legislation. We don’t attempt to give you a blow-by-blow, up to the minute, accounting of what is happening. We do indeed hear a lot of rumors, and a lot of informed speculation, as bills are moving through the process. We certainly could pass all this along so as to maximize your group’s effectiveness when communicating in this way:

1. Because this is a training method, there is no such thing as an “old” lesson. The politician will learn what your expectations are, even if the vote you are contacting them about is two years old. Don’t hesitate to praise or punish as soon as you discover what has happened.

Michigan Capitol Confidential keeps an archive of every story regarding every vote we have ever reported on. You can browse through it here: www.MichCapCon.com/12541.

2. As with training the puppy, past performance is no guarantee of future results. You should never assume that any puppy is beyond redemption, but also never assume that a puppy who is good once will always keep on barking when he or she is supposed to. You expect politicians to change their future behavior based upon your reaction to their past conduct, so reserve the right to change your opinion regarding them as new information is gathered. It is also perfectly acceptable to look at one who wanders off the straight and narrow and ask: “What have you done for me lately?”

3. In some cases, there are issues so big and consequential that a well-informed tea party group can tell a politician well in advance what is generally expected of them. One example in the current political environment would be public employee pay and benefits. Gov. Rick Snyder has said this will be a major issue that he plans to tackle. The controversy will be immense and the potential savings is massive. For any person or group with an opinion on this matter, there is no need to wait for a vote before training the legislative puppies how to bark.

4. Finally, it is important to remember that while you may regret having to rub a puppy’s nose in a mess, you will swiftly learn that the same is not true of politicians. Publicly calling to account those who stray from what you want is not just effective... It can also be fun and addicting. Your group will have a good time if it gets a taste for policing what it believes is the bad conduct being done by Michigan legislators. And the membership of your group is also likely to swell as others learn of your exploits and want to join in.

This is why it is extra critical to remember not to have too much fun. One tea party leader suggests finding one politician to praise for each vote you criticize. (Conveniently, this can often be done with the same vote, because some legislators will vote in ways that you approve of). As with the puppy, you should deliberately seek out opportunities to praise politicians who bark when they are supposed to and don’t make a mess.
Ten Facts to Rebut the Mythology of a Runaway Convention

PREPARED BY NICK DRANIAS OF THE GOLDWATER INSTITUTE

Article V does not authorize a constitutional convention; it authorizes a convention for proposing specific amendments. When the Founders drafted the U.S. Constitution in 1787, they specifically rejected language for Article V that would have allowed the states to later call for an open convention.

Thirty eight (38) states must ratify any proposal from an amendments convention, requiring a broad consensus that makes sure an amendments convention cannot “runaway.”

The limited scope of an amendments convention is underscored by the fact that it specifically says amendments cannot alter the equal number of votes for each state in the U.S. Senate without the consent of the affected state. This establishes that an Article V convention couldn’t simply rewrite the entire Constitution.

“The Constitution was sold by the Founders to the ratifying states on the basis that they retained their ultimate authority over the federal government through their Article V amendment powers.”

The procedures for conducting an amendments convention are similar to Congress’ long-established rulemaking powers. Constitutional text, language and custom make clear that Congress calls the convention, setting a time and location; states appoint delegates by way of resolutions and commissions (or general state law); delegates initially vote as states at the convention; and majority votes will decide what amendments are proposed for ratification. An amendments convention is simply an interstate task force.

“An amendments convention, because it only proposes amendments and does not make law, is not an effective vehicle for staging a government takeover.”

The limited scope of an amendments convention is similar to that of state ratification conventions that are also authorized in Article V, but no one worries about a ratification convention “running away,” even though such a convention does make law.

An amendments convention, because it only proposes amendments and does not make law, is not an effective vehicle for staging a government takeover.

Nick Dranias holds the Clarence J. and Katherine P. Duncan Chair for Constitutional Government and is director of the Joseph and Dorothy Donnelly Moller Center for Constitutional Government at the Goldwater Institute.

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SLAVE DAYS
from Page One

Salters, president of the Michigan Education Association. “It’s a way to say to employees: ‘get back.’ I believe it’s just like being in the slave days.”

Salters didn’t respond to an e-mail seeking comment.

“It’s again a way to say to labor, ‘you don’t count,’” said Iris Salters, president of the Michigan Education Association. “It’s a way to say to employees: ‘get back.’ I believe it’s just like being in the slave days.”

Emergency managers are appointed by the Governor to take over financially struggling schools and municipalities. Salters’ union represents Michigan’s public school teachers, which have the best combination of salaries and benefits in the country when compared to their peers, according to an expert from the Mackinac Center for Public Policy.

Michael Van Beek, the Mackinac Center’s education policy director, said that the average Michigan salary for teachers is among the highest in the country and becomes the highest when differences in state wealth are factored in. And Van Beek added that only five states spend a larger portion of instructional cost on teachers’ benefits than Michigan.

“We do a really good job of compensating teachers,” Van Beek said.

According to the Michigan Department of Education, the average classroom teacher has a $62,000 per year salary in Michigan. Mackinac Center research shows that the average family health insurance plan for a teacher costs the school $17,000 a year, of which the teacher contributes about $680 a year – or 4 percent.

The average private sector employee in Michigan with a health care plan contributes 20 percent of the cost of the plan. Most teachers contribute about 7-percent of their salary towards the state’s defined-benefit pension system. A 30-year teacher with a final average salary of $70,000 would get a $31,500 annual pension.

The original version of this story was posted online on Mar. 11, 2011. It is available with hyperlinks and more info at www.MichCapCon.com/14735.

Michigan Teacher Pay
16.5 Percent Higher Than Indiana

BY KEN BRAUN

The average pay of a Michigan public school teacher is 16.5 percent higher than it is in Indiana, according to the most recent salary comparison from the U.S. Department of Education. If Michigan were to compensate its average school teacher at what the federal government reports as Indiana’s wages, annual savings for the state budget would equal $780 million.

A family of four in Michigan is annually paying $312 to make up the difference.

A budget cut of this magnitude would be sufficient to wipe out a significant chunk of the Michigan Business Tax, which kicked $726 million into state K-12 school spending in 2010. Nearly all of the salaries for public school employee wages in Michigan are paid out of state government’s budget. K-12 schools are the largest single expenditure funded by general state tax dollars.

In a recent interview with MichCapCon.com, Gov. Rick Snyder noted that he wanted to cut the MBT by $1.5 billion, to reduce the size of the state government and to reign in the cost of public employee compensation. U.S. Department of Education data shows the Great Lakes State to be paying its average teacher 6.3 percent more than the national average for the 2009 reporting period, and 16.5 percent higher than Indiana’s average.

This is happening as Michigan has become one of the 10 poorest states in the nation, as measured by its ability to produce goods and services.

When asked by MichCapCon.com which state governor he considers most worth emulating, Snyder singled out Indiana’s Republican governor, Mitch Daniels.

The average teacher wage reported for Michigan was $57,327. This is $3,417 above the national average and

See “Indiana Teacher Pay,” Page 16
Commentary: The Willie Sutton Rule
Cutting state spending requires going where the money is: K-12 education

BY KEN BRAUN

In business, the “Willie Sutton Rule” is a metaphor used to demonstrate that you can best manage your finances by focusing first on your highest-cost activities. The rule is (probably falsely) attributed to the legendary bank robber, who when asked why he went into his line of work, reportedly said, “Because that’s where the money is!” For the state of Michigan’s finances, application of Willie Sutton’s Rule yields one obvious course of action: First focus on public school employee compensation, because that is where the money is.

When comparing Michigan’s cost for this service against what other comparably wealthy states pay, Michigan’s annual price tag looks to be $1 billion too high. This is no small chunk of change for a budget that is estimated to be $1.8 billion out of balance. It is the place to start cutting, given the size of K-12 education relative to the rest of state spending.

State government took $25.2 billion from Michigan taxpayers in fiscal 2009-10 to spend on each of its various programs. Nearly $10.8 billion of that went to K-12 schools, the single largest expenditure of state government. State spending on public schools costs more than a billion dollars on top of the total spending for the next four largest state expenditures combined! (These figures include state tax dollars only and exclude federal funding for state programs.)

About three-quarters of the total spent on K-12 schools was for salaries and benefits paid to public school employees. Nothing paid for by state government — and no group of employees paid for by state government — requires more money than the people who work at your local schools. Regardless of whether or not they are paid fairly already — a point that will be examined in a moment — the Willie Sutton Rule dictates that you look there first when trying to balance the state budget.

Michigan’s teachers have historically been amongst the highest paid teachers in the United States. The most recent data from the U.S. Department of Education ranks us as the 10th highest spending state (excluding the District of Columbia). The 2008-09 school year average salary of $57,327 for Michigan teachers was 6.3 percent above the national average.

“These two data points reveal that one of the nation’s poorest states is paying some of the country’s very highest teacher salaries.”

But in one significant measure of ability to pay those salaries, Michigan is ranked near the bottom. Gross domestic product per capita is the dollar amount of goods and services produced per person. In November, the U.S. Department of Commerce released a report showing GDP per capita for the 50 states, and Michigan ranked 41st — 10 spots from the basement. These two data points reveal that one of the nation’s poorest states is paying some of the country’s very highest teacher salaries.

This is not a typical result for states that are most similar to Michigan in the GDP per capita rankings. In fact, it is $1 billion out of place. Michigan pays its teachers significantly more than the five states above it and the five states below it in the GDP rankings:

The average annual teacher salary for those 10 other states is $46,744, a difference of $10,584 per teacher less than what Michigan pays. There are approximately 96,000 public school teachers in Michigan. If each were being paid at the average of those other states, the savings to Michigan government’s state budget would exceed $1 billion per year.

But it is important to ask if this cost cutting would be “penny wise and pound foolish.” Even though Michigan taxpayers appear to be paying much more than they can afford for public school teachers, are they at least getting significantly better results?

One often used measure of student performance indicates that the answer is clearly “no.” Fourth grade reading scores on the National Assessment of Education Progress exam is the metric commonly used to compare the K-12 academic quality between states because it’s often considered a crucial point of academic progression for students. Federal government analysts control between states with different socio-economic characteristics by comparing only students who qualify for free or reduced priced lunches. This is basically a comparison of equally impoverished kids, regardless of the state where they go to school.

Michigan did not meet the national average for this measurement on the 2009 NAEP exam, even though six of the ten states noted previously did. Seven of the ten scored better than Michigan and one (Alabama) was tied with Michigan:

So how might lawmakers apply the Willie Sutton Rule to NAEP 4th grade reading scores for students on federal free lunch program

<table>
<thead>
<tr>
<th>State</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida</td>
<td>217</td>
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<tr>
<td>Kentucky</td>
<td>215</td>
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<tr>
<td>Montana</td>
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<td>212</td>
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<td>Idaho</td>
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<td>Missouri</td>
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<td>National Average</td>
<td>206</td>
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<tr>
<td>Tennessee</td>
<td>205</td>
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<td>Michigan</td>
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<td>Alabama</td>
<td>204</td>
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<td>New Mexico</td>
<td>199</td>
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<tr>
<td>Arizona</td>
<td>197</td>
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</tbody>
</table>

these facts?

The $1 billion figure is not the end of the story. Teacher salaries may be too high compared to other states, and may constitute the largest portion of school employee costs, but that’s far from the only option.

First, there is the noninstructional staff at public schools: the people who keep buses running, schools cleaned and kids fed. These tasks are often done “in-house” with the district’s unionized employees, but they can also be done by private contractors who often provide the same outcomes for significantly less cost. In one recently reported example, the Novi Community Schools signed a contract with a private custodial company for anticipated annual savings of $3.5 million over a two and a half year period. And the Southfield Public Schools signed a contract estimated to save $14 million to $21 million over a three-year period because it privatized the district’s food, custodial and busing services.

Despite cost-saving opportunities such as these, teacher unions often apply significant pressure on school boards to block these deals from going through, up to and including targeting school board members for defeat at the ballot box. While contracting out for these three services has grown steadily over the last decade, it has still not happened in more than half of the state’s 551 districts. More widespread application could yield at least $100 million in annual savings across Michigan — and perhaps much more than that.

Another option that must be looked at: The total of all benefit packages paid to government employees in Michigan is estimated to be $5.7 billion per year more generous than the benefits given to private-sector workers who pay the taxes that pay for those public employee benefits. Public school employees account for $2.5 billion of this total.

And leaving aside private-sector comparisons, Michigan is also out of step with what the public sector receives in other states. According to the most recent data from the National Center for Education Statistics, Michigan school districts spend more on teacher benefits than most other states. The average school district in America spends 22 percent of its instructional dollars on employee benefits, but in Michigan the figure is 28 percent.

And finally, we must return to the matter of reducing the
Michigan governments would save $5.7 billion if the employment benefits of Michigan’s state and local government workers were set at private sector averages. 

“Here’s what $5.7 billion can buy: brand-new 50-inch 3-D plasma screen T.V. for every household in the state.”

State and local governments currently employ roughly 400,000 full-time workers in Michigan. It may be procedurally difficult to attain all of the $5.7 billion in a single year, but a policy that public-sector employees will not be paid more in benefits than private sector averages will eventually result in these savings. Here’s what $5.7 billion can buy:

• A round of golf for every Michigan resident at both Arcadia Bluffs and Bay Harbor.
• A brand-new 50-inch 3-D plasma screen T.V. for every household in the state.
• A year’s worth of electrical bills for every household in Michigan.

But as a policy matter for legislators:
• Michigan can eliminate the Michigan Business Tax, resolve its budget deficit and still have $2 billion left to spare.
• It can eliminate its personal income tax in its entirety.

In a politician’s terms: every man, woman and child in Michigan could max out on their personal contribution to any state representative of their choosing.

Governor-elect Rick Snyder said he will investigate this disparity, provided that consideration will be given to the affected workers. ■

The original version of this story was posted online on Dec. 9, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/14142.

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Michigan Capitol Confidential

SUTTON RULE
from Page 9

average teacher salaries so that they align with what is paid by states with comparable GDP rankings. Because salaries can widely vary between districts, a more rational approach may be to reduce each district by a set percentage rather than mandate a specific dollar cut to every district’s average pay.

If cutting teacher salaries still seems a step too far, then consider the case of South Dakota. With an average annual salary at $38,017 according to the most recent rankings, South Dakota ranks dead last in teacher pay — 40 spots lower than Michigan. But South Dakota’s ability to pay far outrips Michigan: Its GDP per capita is 4.1 percent higher than the national average, ranking it 18th highest.

What results does South Dakota get for its money? South Dakota fourth graders eligible for subsidized meals posted a reading score of 209 on their recent NAEP exams. This is above the national average and higher than Michigan’s.

If Michigan paid the South Dakota average wage rate for its teachers, the savings in the K-12 budget would exceed $1.8 billion per year.

Three years ago, Michigan’s personal income and business taxes were raised a combined $1.4 billion as a method of balancing the state budget and supposedly fixing what was ailing state government. Today, those tax rates are still in force, and yet the state is in a new hole — this one is $1.8 billion deep. You can’t find the money to fix that if you apply Willie Sutton’s Rule to the state’s beleaguered private-sector businesses and taxpayers again. They are tapped out.

The savings are in the schools. ■

The original version of this story was posted online on Jan. 26, 2011. It is available with hyperlinks and more info at www.MichCapCon.com/14420.

TEACHER PAY HIKES HAPPEN DESPITE EXPIRED UNION CONTRACT

BY TOM GANTERT

A n article in The Saginaw News about teachers working for the last three years without a contract came with a headline that read: “Saginaw teachers still paid their 2008 salaries, not taking cuts requested by several board members.”

But for many of those teachers, working without a new contract has not meant working without pay hikes. Teachers with less than 12 years of service in the Saginaw Public Schools receive what are called “step increases,” which are wage increases based on length of service. Step increases are a regular feature of teacher union contracts and are provided in addition to the adjustments to base salary that would typically be negotiated with a new contract.

If the terms, base wages and step increases from an expired contract remain in force, as they do in the Saginaw Public Schools, then teachers will receive the step increase raises even though no changes are made to standard base pay.

The Saginaw News mentioned the “step” increases, but didn’t give details.

In 2008, when the old contract expired, 347 of the 691 teachers in the district had less than 10 years of experience, according to the Michigan Department of Education.

Here is an example of how step increases work for this district: A teacher with six years of service and a bachelor’s degree, if hired after Jan. 22, 1996, would have received a salary that increased from $41,458 in 2008 to $43,585 in 2009, then to $45,866 in 2010 and $48,307 in 2011. That’s a 16.5 percent increase over three years despite the expired contract.

And Michael Van Beek, education policy director for the Mackinac Center for Public Policy, said there is another big bonus to not having a new contract: Teachers have avoided any of the additional health care cost-sharing that has occurred in other districts with newer contracts.

According to the school district, the cost of health care benefits has gone up 28 to 36 percent since 2008, depending on the plan chosen by the employee. In 2009, the district paid $1,325 a month for employees in the MESSA Choices II family plan. A Mackinac Center survey reveals that this is the most popular plan for teachers in district.

The MESSA plan is affiliated with the Michigan Education Association, the state’s largest teachers union.

A Saginaw teacher pays $38.50 a month for the family plan. That’s about 3 percent of the total cost for 2009, with the district picking up the rest. In Michigan, private-sector employees pay an average of 21 percent of their health care premium costs, according to a Kaiser Family Foundation survey. And for fiscal 2009-10, MESSA premiums increased by 13 percent.

“The school absorbs all of the rising health care costs, and the teachers take on none of it,” Van Beek said.

According to the Bureau of Labor Statistics, the vast majority of the U.S. workforce was not unionized during 2010. More than 92 percent of private-sector employees and 60 percent of public-sector employees were not represented by a union. ■

The original version of this story was posted online on Feb. 9, 2011. It is available with hyperlinks and more info at www.MichCapCon.com/14537.
Pure Spending — GOP Finds More for Tourism Subsidies

BY KEN BRAUN

Republicans scored significant electoral gains last November by promising to rein in runaway spending and put state government’s fiscal house in order. Yet in an early spending vote, the Michigan Legislature — now decisively under GOP control — voted overwhelmingly to increase the cost of a government tourism industry subsidy by 65 percent above what it had already been allocated for the year. New GOP Gov. Rick Snyder asked for the increased spending, and the bill awaits his signature.

Despite concerns about the basic fairness of the program, the propriety of spending more money on it, and its overall effectiveness, just seven Republicans voted “no.”

At issue was House Bill 4160, legislation that increased the current year’s cost of the “Pure Michigan” tourism promotion from $15.4 million to $25.4 million. Snyder stated in his first State of the State address that he wanted the higher cost for the program. During the Granholm administration, spending for Pure Michigan and other promotional advertisements had been as high as $33.2 million.

“The people elected us to save money, not spend more,” noted state Rep. Dave Agema of Grandville, one of the House Republicans to vote against the bill.

Freshman Republican Rep. Tom Hooker of Byron Center agreed.

“I ran on cutting the budget and decreasing the size of government,” said Hooker. “For our first vote to be on more spending — I couldn’t bring myself to do that.”

But Republicans voting “yes” were effusive in their praise of Pure Michigan.

“Our economy is still fighting to rebound, and investing in Pure Michigan has proven to provide an extra bounce,” said state Rep. Wayne Schmidt, R-Traverse City, sponsor of HB 4160.

Schmidt’s statement is from a news release jointly issued with freshman GOP state Rep. Frank Foster of Pellston.

“Despite concerns about the basic fairness of the program, the propriety of spending more money on it, and its overall effectiveness, just seven Republicans voted ‘no.’”

“Pure Michigan is helping us to reinvent our state by sharing our great opportunities and the positive attributes that are more the reality of living in and visiting our great state,” echoed freshman GOP state Rep. Matt Huuki of Atlantic Mine.

State Rep. Bradford Jacobson, another freshman Republican from Oxford, said the extra spending would provide a “tremendous” boost to the state’s economy, and state Rep. Ken Horn, R-Frankenmuth, stated that he was a “longtime advocate” for Pure Michigan and that $25 million in annual funding was a “good benchmark.”

Some of the legislative support for more funding was based upon a marketing study done by Longwoods International in Toronto. The survey was paid for by Travel Michigan, the tourism promotion agency within the Michigan Economic Development Corporation. The survey purported to show that $2.23 was spent in taxes by tourists in Michigan for every dollar invested in placing Pure Michigan advertising spots on television.

But the legitimacy of that return on investment calculation has come in for criticism due to concerns about the study’s methodology.

An article in the Feb. 4, 2011, edition of the MIRS Capitol Capsule daily newsletter asked: “Is it possible Longwoods International has a vested interest in only giving rosier pictures for these expenditures? Is Longwoods dependent on keeping the travel industry happy?”

MIRS said that these questions had not been asked by state government officials. Noting that Longwoods provides similar marketing surveys for “at least” 25 other tourism boards across the nation, MIRS reported a remarkable similarity to the reports: “If a study has been done that didn’t show a [positive] return on investment from taxpayer-funded advertisement, it has not been made public.”

“Michigan needs a study of the Longwoods study (propaganda) is completely bogus and is done by a firm that gets paid by many state governments across the country to produce these non-statistically valid (which the MEDC admits), so-called studies to support higher spending,” said McMillin.

Agema also said the return on investment claims were “questionable.”

And while noting that he likes the Pure Michigan program itself, Rep. Bob Genetski, R-Saugatuck, cast one of the votes against HB 4160 because of concerns about the information coming from the state agency promoting it.

Lawmakers who voted AGAINST SPENDING $10 million more on Pure Michigan advertising:

SENATE REPUBLICANS (26)
Booher, Brandenburg, Casperson, Caswell, Colbeck, Emmons, Green, Hansen, Hildenbrand, Hune, Jansen, Jones, Kahn, Kowall, Marleau, Meekhof, Moolenaar, Nofs, Pappageorge, Pavlov, Proos, Richmond, Robertson, Rocca, Schuitmaker, Walker

SENATE DEMOCRATS (9)
Bieda, Gleason, Gregory, Hood, Hopgood, Hunter, Warren, Whitmer, Young

HOUSE REPUBLICANS (56)
Bolger, Bumstead, Calfton, Cotter, Crawford, Daley, Damrow, Denby, Farrington, Fortlin, Foster, Gilbert, Glardon, Goike, Haines, Haveman, Heise, Horn, Hughes, Huuki, Jacobsen, Jenkins, Johnson, Knollenberg, Kurtz, LaFontaine, Lori, Lund, Lyons, MacGregor, MacMaster, McBroom, Moss, Muxlow, Nesbitt, O’Brien, Olson, Opsommer, Ouimet, Outman, Pettalia, Poleski, Potvin, Price, Pscholka, Rendon, Rogers, Schmidt, W., Scott, Shaughnessy, Shirkey, Stamas, Tyler, Walsh, Young, Zorn

HOUSE DEMOCRATS (39)
Ananich, Barnett, Bauer, Bledsoe, Brown, Brunner, Byrum, Cavanagh, Clemente, Constan, Darany, Dillon, Durhal, Haugh, Hobbs, Honey-Wright, Howe, Irwin, Lane, Lipton, Liss, McCann, Meadows, Melton, Oakes, Oulumba, Rutledge, Santana, Schmidt, R., Segal, Slavens, Smiley, Stanley, Stapleton, Switalski, Talabi, Tlaib, Townsend, Womack

“Old habits die hard;” said Genetski. “I still need to see more transparency out of the MEDC.”

But several Republicans voting for the program were convinced that Longwoods got the details right.

“I’m very happy that the vote passed, because I think that the math speaks for itself,” declared freshman GOP Rep. Jon Bumstead of Newaygo. “The return we have seen on our investment in the campaign so far makes it a no-brainer to continue the funding.”

Freshman state Rep. Holly Hughes, R-Montague, echoed the purported effectiveness of the

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“Pure Spending”: Lawmakers who voted TO SPEND $10 MILLION MORE on Pure Michigan advertising:

SENATE REPUBLICANS (26)
Babler, Brandenburg, Casperson, Caswell, Colbeck, Emmons, Green, Hansen, Hildenbrand, Hune, Jansen, Jones, Kahn, Kowall, Marleau, Meekhof, Moolenaar, Nofs, Pappageorge, Pavlov, Proos, Richmond, Robertson, Rocca, Schuitmaker, Walker

SENATE DEMOCRATS (9)
Bieda, Gleason, Gregory, Hood, Hopgood, Hunter, Warren, Whitmer, Young

HOUSE REPUBLICANS (56)
Bolger, Bumstead, Calfton, Cotter, Crawford, Daley, Damrow, Denby, Farrington, Fortlin, Foster, Gilbert, Glardon, Goike, Haines, Haveman, Heise, Horn, Hughes, Huuki, Jacobsen, Jenkins, Johnson, Knollenberg, Kurtz, LaFontaine, Lori, Lund, Lyons, MacGregor, MacMaster, McBroom, Moss, Muxlow, Nesbitt, O’Brien, Olson, Opsommer, Ouimet, Outman, Pettalia, Poleski, Potvin, Price, Pscholka, Rendon, Rogers, Schmidt, W., Scott, Shaughnessy, Shirkey, Stamas, Tyler, Walsh, Young, Zorn

HOUSE DEMOCRATS (39)
Ananich, Barnett, Bauer, Bledsoe, Brown, Brunner, Byrum, Cavanagh, Clemente, Constan, Darany, Dillon, Durhal, Haugh, Hobbs, Honey-Wright, Howe, Irwin, Lane, Lipton, Liss, McCann, Meadows, Melton, Oakes, Oulumba, Rutledge, Santana, Schmidt, R., Segal, Slavens, Smiley, Stanley, Stapleton, Switalski, Talabi, Tlaib, Townsend, Womack

Lawmakers who voted AGAINST SPENDING $10 million more on Pure Michigan advertising:

SENATE REPUBLICANS (NONE)

SENATE DEMOCRATS (1)
Anderson

HOUSE REPUBLICANS (7)
Agema, Franz, Genetski, Hooker, Kowall, McMillin, Somerville

HOUSE DEMOCRATS (6)
Geiss, Hammel, Jackson, Kandrevas, LeBlanc, Nathan

Legislators who DID NOT VOTE:
Sen. Johnson (D), Sen. Smith (D)
Rep. Lindberg (D), Rep. Stallworth (D)

2011 Senate Roll Call 24 on HB 4160
2011 House Roll Call 4 on HB 4160

See “Pure Spending,” Page 12
House of Reps. Employee Names and Salaries Posted

BY KEN BRAUN

The financial secrets of state government were opened up just a bit more this week when a detailed accounting of expenses for the Michigan House of Representatives was posted on the House’s official website. Included in the “Financials” module is a listing of the names and salaries of each House employee. While individual lawmakers in the House have posted this information in the past, this is the first time in Michigan Legislative history that the public has been granted 24/7 online access to such information for every office in one of the state’s Legislative chambers.

In a news release, new House Speaker Jase Bolger, R-Marshall, said that this should be just the start of more openness in government.

“As we adopt the government reforms necessary to set Michigan on the right path for the future, we will be calling on local municipalities and school districts to be more transparent with the voters,” Bolger said. “We should not ask others to do something that we are unwilling to do ourselves. Our finances are now readily available for review and I encourage all other taxpayer funded units to join us.”

For most levels of government, the state FOIA law requires that the names and salaries of political appointees and other public employees be released to any person who files a request. But FOIA specifically exempts the House, Senate and Office of the Governor from this requirement. The House and Senate have often granted specific requests to anyone wishing to see the salary data, despite the FOIA exemption, and Bolger has decided to advance this policy one step further. The House data is now posted online for anyone who wishes to see it, and the new policy will be to update the online salaries and the other House financial data on a monthly basis.

For almost two years, Republican Rep. Pete Lund of Shelby Township has been proposing to abolish the special FOIA protection for state politicians. He applauded the Speaker’s decision to be open with information that the House is legally entitled to hide from public scrutiny.

“I am happy that the House Republicans are again taking the lead on transparency,” said Lund. “Soon I hope to introduce my bill that will require the three branches of the state government to open their books to the public.”

Last term, Lund’s bill proposing to lift the FOIA exemption as it applied to the staff names, salaries and other financial details of state politician offices was not given a hearing in the House, which was then controlled by Democrats. Ari Adler, spokesman for Bolger, says that the new leadership has not yet considered whether the House will push to pass a bill that revises the FOIA exemption.

During the 2010 election campaign for governor, then-candidate Rick Snyder said he would sign a bill like Lund’s if one reached his desk. His Democrat opponent, Virg Bernero, also said he would sign such a bill.

Rep. Mike Shirkey, R-Clark Lake, is one new lawmaker who didn’t wait for the House policy to change: The names and salaries of his staff were posted earlier this year. While he says that some lawmakers were mildly concerned that posting this information could lead to uncomfortable questions from nosy constituents, he welcomes scrutiny of his spending.

“I WANT people to question these details,” he said. “We should have an ‘open kimono’ policy when it comes to spending taxpayer dollars. I am exceedingly proud that the Speaker posted everything online.”

Fellow freshman Rep. Earl Poleski, R-Jackson, posted his staff names and salaries very shortly after Shirkey, and agrees with the policy of the entire House following along.

“People want to know where their money goes and what their public servants make,” he said. “This is a small way that we can do that.”

Rep. Tom McMillin, R-Rochester Hills, was the very first lawmaker in Michigan history to post the names and salaries of his staff online, setting an early standard followed by many other trendsetters such as Lund, Shirkey, Poleski – and now Speaker Bolger.

“The House data is now posted online for anyone who wishes to see it, and the new policy will be to update the online salaries and the other House financial data on a monthly basis.”

“I am supportive of Rep. Lund’s efforts to make more information from the Legislative and Executive branches more available to the public through FOIA,” said McMillin. “It is the 21st century and the government needs to stop trying to hide its activities from the taxpayers – particularly how their money is spent.”

The Michigan Senate has not posted names and salaries under previous leaders. Amber McCann, spokeswoman for new Senate Majority Leader Randy Richardville, R-Monroe, said that the Senate is now working on its own revamping of the official website. Some financial details regarding the Senate’s operations had been available in the past and no decisions have yet been made regarding how much more the upper chamber may be putting up when the new website is ready.

Names and salaries are some of the most interesting details, but not the only valuable items now available from the House website. Also included are details about health care policies available to House employees and detailed expense reports for the House.

There is even a separate expense report for the House Fiscal Agency. The fiscal policy analysis arm of the House of Representatives was rocked by scandal in 1993 when a Detroit News investigation ultimately exposed the director and his staff for diverting nearly $2 million from the HFA to a variety of personal and other illegal causes. Amongst the revelations were payments to HFA director John Morberg’s live-in girlfriend, unapproved bonus payments to other staffers, purchases of weapons for fighters in the civil war then raging in the Balkans, and more. Federal investigations and felony convictions soon followed for Morberg and others.

And yet, despite the rise of the Internet age shortly thereafter and several different House Speakers since 1993, it has still taken until 2011 for the House of Representatives to post the HFA’s expenses where the public can take a look at them.

Today, any taxpayer can go online at any time of day or night and learn that Mitch Bean, the current director of the House Fiscal Agency, is paid $126,218. He is the highest-paid House employee on the list. If Bean or any other House employee receives a raise, the Speaker has pledged to reveal that change in the next monthly filing of the House’s financial information.

But the FOIA exemption is still in place and it allows this House Speaker or any who follow him the legal authority to kill this new openness policy. Little warning was given before Bolger made the abrupt change in policy this week. In the event of another scandal at the HFA or any other office, the House’s financial information could be removed from the Internet as suddenly as it went up.

The original version of this story was posted online on Mar. 12, 2011. It is available with hyperlinks and more info at www.MichCapCon.com/14738.
Union Bosses Outsource Hostility, Hiring Beneficiaries of Entrepreneur’s Charity to Protest His Business

BY KEN BRAUN

Dégagé Ministries provides a “safe, Christian alternative to the streets” for many hard-luck cases living in the Heartside neighborhood of downtown Grand Rapids. With an $850,000 annual budget, it helps provide blankets, meals, shelter and more for those who can’t provide these necessities for themselves. Dégagé is currently funded entirely by private donations and not government help, according to executive director Marge Palmerlee.

One of those private donors is Ritsema Associates, a construction contractor headquartered in nearby Grandville.

“Your company has supported us both financially and with numerous in-kind donations for which we are very grateful” wrote Palmerlee in a recent letter to Bill Ritsema, president of Ritsema Associates. She felt moved to write the letter because some Dégagé patrons are being hired by Big Labor bosses as part of an “aggressive public information campaign” aimed at trashing the reputation of Ritsema Associates.

Though hired by the Michigan Regional Council of Carpenters to hold up signs and pass out fliers denouncing Ritsema all over the city, few of those doing the demonstrating have ever been carpenters at all and don’t appear to have any clue that the company they are protesting has generously supported a local ministry that often provides a safety net for them specifically or people like them.

Starting this summer, the MRCC began to hold daily demonstrations outside of the businesses, hospitals and schools that hire Ritsema to do construction work. None of Ritsema’s employees are MRCC members, and the union does not claim to represent the employees of his customers. Yet, the MRCC says the demonstrations are part of a “labor dispute” directed at Ritsema because of the MRCC’s assertion that the company does not pay “area standard wages.”

The union does not provide any factual evidence to support this charge. And, given that they do not appear to represent anyone involved in the business transactions that they are attempting to interfere with, they have also provided no explanation for why they should be considered an authority on what the pay scales should be. As noted in a previous MichCapCon.com story on this matter (see “Fake Dispute: on page 17 of this issue), nearly 80 percent of Michigan’s construction workers are non-union, making it unlikely that the MRCC is an accurate source of data regarding what a “standard” wage for the work should be.

Ritsema is aware of no labor dispute with any of his employees, whom he calls a “great group of guys,” and says that since his father founded the company in 1955, no effort has ever been made to unionize its workforce. He suspects that the “standard wages” accusation by the MRCC isn’t really the issue, noting that the MRCC started making trouble for him shortly after he successfully outbid unionized contractors for a job in Indiana.

“This is one of the most bizarre, one of the most disingenuous campaigns that we have seen anywhere in the country,” said Chris Fisher, president of the Associated Builders and Contractors of Michigan. “It is based on zero facts, and it is really shameful to see the lengths to which these union bosses are willing to go in our state.”

ABC-Michigan is a subsidiary of a national trade industry group for merit shop (non-union) construction contractors.

Palmerlee agrees with Fisher.

“It’s sad that they can come in and spread lies about a company that has been around for years and years and is reputable,” she said. “They care about the community. They care about the community. They care about the community.”

“Everyone who works for Ritsema has been a wonderful partner with us,”

An MRCC member managing one of the crews of demonstrators confirmed that demonstrators against Ritsema are paid hourly wages by the union.

“That’s so ironic,” says Palmerlee. “Nobody who is picketing is an actual carpenter, and they’re paying them a flat rate per hour to walk the picket line. Where are the actual carpenters?”

Palmerlee says the ministry does allow local employers to come into the facility and recruit day laborers, but that such recruiting is limited to work that is clearly “helping” and not “hurting” the community. She says that this ability to be choosy is one of the best things about being a private institution. So when the union asked to recruit in their building so as to “picket a local company,” Dégagé drew the line and refused.

In her 13 years of working with and helping Dégagé patrons, Palmerlee says she has never seen anything like this happen before. “It really baffled me. I still find it appalling that the union would come in and do that.”

Undeterred, the MRCC appears to have approached and recruited Dégagé’s patrons while they were outside of its building. Palmerlee is very clear that her patrons have a legal right to take the jobs and that it is not her role to discourage them from making money if the union is offering it.

However, when asked about the role of the carpenters union and what it is paying her patrons to do to one of her ministry’s very good friends, she has another take:


(See related story on page 17)

The original version of this story was posted online on Feb. 16, 2011. It is available with hyperlinks and more info at www.MichCapCon.com/14563.
FOIA Law Enhances Center’s Research and Reporting

BY PATRICK WRIGHT

Freedom of Information Act requests tend to be fairly routine and innocuous, in a procedural sense. A recent Mackinac Center FOIA request, however, has drawn some media attention. The Center has a long history of using this important tool for monitoring our government and has no intention of curtailing that use in the future.

Michigan’s Freedom of Information Act, like the federal law it was based on, was passed in the years immediately following the Watergate scandal, where government officials committed crimes in an attempt to cover up a politically related criminal break in. The Michigan Legislature at that time stated the purpose of the law:

It is the public policy of this state that all persons . . . are entitled to full and complete information regarding the affairs of government and the official acts of those who represent them as public officials and public employees, consistent with this act. The people shall be informed so that they may fully participate in the democratic process.

A Michigan court later enhanced the description of FOIA’s purpose: “to establish a philosophy of full disclosure by public agencies and to deter efforts of agency officials to prevent disclosure of mistakes and irregularities committed by them or the agency and to prevent needless denials of information.”

The Center has used the FOIA law in a variety of ways. FOIA requests were used to obtain the collective bargaining agreements and health insurance information for Michigan’s 550 school districts. Assembled into databases, these documents have been used thousands of times by reporters, school officials and residents throughout the state. They have also been used by Michigan Capitol Confidential to debunk various school districts’ erroneous claims about funding cuts.

The Mackinac Center’s annual survey of Michigan school districts that privatize noninstructional services is also compiled through responses to FOIA requests.

After Gov. Jennifer Granholm highlighted a Grand Rapids film-studio project, the Center used FOIA requests to begin an investigation that exposed an alleged attempt to defraud the state out of $10 million. The investigation into Hangar42 Studios has led to criminal charges being filed. Similarly, the results of a FOIA request triggered the Center’s work on behalf of home-based day care workers who were forced into a government-employee union. In this case, emails showed that the Granholm administration worked with public sector unions to illegally divert into union coffers millions of dollars meant to aid low income families.

Currently, the Center has issued a number of FOIA requests for information related to a proposed massive illegal teachers strike. And the Center has been investigating whether a public university is attempting to bury its investigation of a professor who engaged in apparent plagiarism in a widely cited public policy paper.

It is an unfortunate fact that the mere enactment of FOIA has not stopped state and local government officials from committing crimes. For instance, a recent brief filed with Michigan Supreme Court by the Center and the Michigan Press Association arguing for a broad reading of FOIA, set out numerous school district embezzlement scandals involving millions of public dollars and a $100 million settlement related to state prison guards sexually abusing female inmates.

Public awareness and public policy in Michigan have both benefited from the Center’s FOIA work, whether through investigative reporting on government misconduct or through the accumulation of data to provide for accurate and timely analysis. Thanks to a tool that allows citizens to keep track of the affairs of their government, you can expect both to continue.

The original version of this story was posted online on Mar. 30, 2011. It is available with hyperlinks and more info at www.MichCapCon.com/14837.

FALSE FEARS from Page 4

There is no reason to worry about a “runaway” convention because three-fourths of the states—38 states—would have to ratify whatever amendment might be proposed. Moreover, nothing in the nation’s history justifies fear of a “runaway” convention.

“The power of the states to call an amendments convention is no greater than the power of Congress to propose amendments.”

It is a myth that the U.S. Constitution was born of a “runaway” convention. The truth is the Convention of 1787 had an incredibly broad mandate from Congress—to establish “in these states a firm national government . . . [and] render the federal Constitution adequate to the exigencies of Government and the preservation of the Union.” In proposing the Constitution to amend the Articles of Confederation, the 1787 convention stayed well within the congressional call, as well as within the commissions of most delegates.

Although the Articles required unanimous ratification for alterations to it, and the Constitution only required ratification by nine states, the Constitution was only binding on those states that ratified it. While not every state in the Confederation initially ratified the Constitution, all of them ultimately did. In the end, the Constitution displaced the Articles of Confederation on the very terms prescribed by the Articles.

Arizona and five other states are considering use of their power under Article V of the U.S. Constitution to initiate an amendments convention. With the federal debt exceeding $14 trillion, I believe nothing short of state-initiated constitutional reform will stop the impending fiscal train wreck.

The power of the states to call an amendments convention is no greater than the power of Congress to propose amendments. Both amendment powers operate within the existing limitations of the Constitution. Any proposed constitutional amendment, whether arising from Congress or from an amendments convention, must still be ratified by 38 states.

Opposition to states using their Article V power boils down to a belief that Congress is more trustworthy than the states when it comes to proposing constitutional amendments. I disagree. Congress is driving our nation toward a financial cliff. The states must take the wheel.

Nick Dranias holds the Clarence J. and Katherine P. Duncan Chair for Constitutional Government and is director of the Joseph and Dorothy Donnelly Moller Center for Constitutional Government at the Goldwater Institute.

The original version of this story was posted online on Feb. 20, 2011. It is available with hyperlinks and more info at www.MichCapCon.com/14587.

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The Public Purpose of Our ‘Professors’ Email’ FOIA Request

BY KEN BRAUN

(Editor's note: The online version of this piece, available at www.MichCapCon.com/14863, contains hyperlinks to Web material and Web pages that were available on Wayne State University's website on the morning of April 4, 2011. In two cases, this material became unavailable on the WSU website later in the day, and the remaining Web pages became unavailable the next morning. In our online version, we have substituted hyperlinks to the Mackinac Center's PDF copies of the original WSU Web content.)

The Mackinac Center is a public policy research and education institute, and one of our regular activities is submitting requests to public institutions for public documents under Michigan's Freedom of Information Act. We typically do not comment on the purpose of these FOIA requests until we see the results, but in the case of the FOIA we submitted last week to three public university labor departments, we have decided to respond to what has become a national debate over whether we — or anyone — should be asking for such information at all. Our answer is that we should, and that these requests are not only proper, but also respectful of the privacy of the labor professors involved.

The recipients of our FOIA requests were the labor studies centers at Wayne State University, the University of Michigan and Michigan State University. In this FOIA action, we specifically sought e-mails that these departments’ members sent on university computers regarding recent labor-related events in the news, including the heated debates over Wisconsin’s public-sector unions. To understand why we were interested in such a topic, imagine the following hypothetical statements about one of these three departments:

**First hypothetical:** The department has a website that displays hyperlinks to tea party advocacy groups and taxpayer advocacy groups and elsewhere states that the department’s official activities include helping “local leaders develop local strategies for building power.” The website notes that if these taxpayer groups can continue “building coalitions” and “mobilizing aggressive political action,” they will be “laying the groundwork for helping to lead the future of their regions.”

**Second hypothetical:** The department also has a specific focus on helping tea party and taxpayer groups fight against public unions trying to create living wage campaigns and unions that are blocking privatization efforts at public schools. The department has “produced a comprehensive guide for activists for organizing” opposition to living wage campaigns.

**Third hypothetical:** This academic research department has done the same thing for pressure groups that wish to see cost-saving privatization plans implemented in public schools and elsewhere and must defeat public union labor leaders in the ensuing political battles. The department has created a guide to implementing privatization plans over the objections of hostile labor unions.

**Fourth hypothetical:** In 2005, a public employee union lodged a campaign finance violation complaint with the state against this university department because the department was then using its website to advocate a statewide ballot proposal that would reduce Michigan’s minimum wage. The public employee union was concerned that a public university’s faculty was using public dollars to engage in political activity.

**Fifth hypothetical:** The taxpayer-financed university website includes a handy list of ways for tea party and taxpayer groups to dig up dirt and embarrassing evidence against labor unions.

These are not generally the sort of things that Michigan residents would expect to find on the websites of the economics, business or history departments of public universities, to say nothing of other academic disciplines. Such activities would reasonably raise questions about whether the department had become sidetracked from its educational mission and whether anyone — particularly union members — should have their tax dollars used to support political fights that they do not believe in. In fact, this university department might appear to be operating more as a political action committee than as a teaching and research resource.

Readers who have been following this issue will have already realized that the five hypothetical statements effectively reverse what has actually happened: The Wayne State University Labor Studies Center does everything noted above except that its materials would favor organized labor and work in opposition to the interests of many taxpayer and tea party groups. For example, the campaign finance violation was filed by the Michigan Chamber of Commerce because the Wayne State LSC was then using a university website to promote a ballot proposal to hike the state’s minimum wage. In fact, all of the quotes above come from the Wayne State University website, except that they are used to promote precisely the opposite cause.

The Mackinac Center published a piece this more than a year ago available online at www.MichCapCon.com/12070. In the aftermath of what I wrote, the governor, Legislature and attorney general did not publicly investigate whether taxpayer dollars were being misused by the LSC. Our interest in the story continued, however, even though this was nearly a year before the recent events in Wisconsin and long before the debate over the labor-related components of the emergency financial manager legislation recently passed in Michigan.

The unfolding of the Wisconsin turmoil and the pitched debate over the Michigan legislation provided us an opportunity to chase an old story with a FOIA. Specifically, we were interested in determining whether the LSC and the labor faculty at Michigan’s other two large public universities had actually employed university resources to enter the political debates. At a minimum, we thought a FOIA investigating professors’ emails on these subjects might demonstrate whether state officials should ask questions about this use of tax dollars for public universities. In the worst-case scenario, we knew these emails might suggest that the faculty had acted illegally, because certain political uses of university resources are prohibited by Michigan law.

Some of the concern expressed about our recent FOIA inquiry has had to do with our requesting emails mentioning not just Wisconsin and Michigan public-sector labor topics, but also Rachel Maddow. We asked for these emails first because Ms. Maddow had recently criticized at length Michigan’s governor and his labor-related legislation in a TV segment virally circulated on the Web, and second because FOIA requests are an ineffect, much like a Google search. You can ask for everything, and get everything, but only not is it costly to do so (public bodies can charge the fair costs of retrieving public records), it is both time-consuming and needlessly intrusive on the activities of public employees.

Hence, by including emails referring to Ms. Maddow, we were aiming to generate a more narrowly targeted set of emails that nevertheless didn’t depend closely on exact phrases that she or the letter writers might have used and that would have excluded emails relevant to our request. Nothing in our request intentionally impinged on or attempted to override the privacy exemptions built into Michigan’s FOIA law, including exemptions for personal material subject to doctor-client privilege, student privacy, social security numbers, trade secrets or material protected by other statutes. In any event, public employees are aware that their use of government resources can be constrained and monitored, just as private-sector employees know this about their use of their businesses’ resources.

In pursuing this FOIA request, we were not engaging in an activity different from other FOIA requests. We routinely ask for a variety of public documents, including financial reports, salary data and union contracts. We have also asked for emails, including emails sent by academics at public universities. This has always been done with a desire to increase the public’s understanding of why government adopts certain policies or spends money in certain ways. Sometimes we have also been concerned that government officials have engaged in activities contrary to their proper legal mandate. In this case and in others, we were not interested in some sort of bizarre crusade to expose any political bias of professors.

Indeed, a search of the Mackinac Center’s website and our work would have turned up no evidence of our using previous email FOIA requests. And basic logic says that if this had been our objective, then we are rather bad at it. Why go after labor studies centers alone when there are so many naturally opinionated political science professors, economists and history professors to look at? Indeed, why limit our search to just those three centers at those universities?

It is important to note that most of the media did a very objective job with the coverage of this story, due no doubt in large measure to the fact that they file FOIA requests as well. Some did an exceptional job digging up what our actual objectives were — even those who might not agree with them, and even before we had publicly discussed them.

But academics are not super-humanly thick-skinned; few of us
Health Care Compact Shifts Choices from D.C. to Michigan

BY JACK MCHUGH

State Rep. Tom McMillin (R-Rochester Hills) has sent a memo to House colleagues inviting them to co-sponsor a multistate Health Care Compact he plans to introduce shortly. The measure has been introduced in 14 states, adopted by legislative bodies in several, signed into law in Georgia and Oklahoma, and submitted for governors’ signatures in Missouri and Montana. If approved by Congress, it would make the federal “Patent Protection and Affordable Care Act” optional in the states that join the compact — and theoretically, the president’s signature is not required on that congressional approval.

Importantly, the Health Care Compact is much more than just an “Obamacare doesn’t apply here” measure. It would profoundly shift the balance of power between states and the federal government in health care regulations and programs by turning all of a state’s federal Medicaid and Medicare spending into a no-strings-attached block grant (indexed for future inflation and population growth). Member states would have primary responsibility for regulation of all nonmilitary health care goods and services in their state, plus health-related social welfare programs.

So, for example, if Michigan so chose, it could replace Medicare’s restrictions and price controls with a means-tested voucher-like insurance subsidy similar to that proposed nationally by Republican Congressman Rep. Paul Ryan. If our Legislature wanted to fix Medicaid’s broken promises by converting it into a “cash and counseling” program for the truly indigent, it could do so.

As McMillin puts it, “Michigan leaders understand Michigan’s needs better than Washington — this is all about who decides.”

On the budget side, in most states the Medicaid health care program for the poor has been growing at unsustainable rates. Replacing its open-ended grant of ever-increasing federal matching funds with an inflation-adjusted block grant would eliminate state politicians’ incentive to constantly increase spending in pursuit of that additional federal money.

Similarly, these changed incentives might cause the Legislature to revisit a watered-down law that burdens taxpayers with the cost of providing welfare to middle-class nursing home residents — one of the biggest drivers of Medicaid cost increases. The Health Care Compact would repeal those skewed incentives, while transferring these and hundreds of other health care program decisions from distant Washington to a state government that in comparison is much closer and more accountable.

There are some interesting constitutional features to interstate compacts. If Congress approves one, it supersedes existing federal law in the member states. That would include Obamacare. Also, the Constitution says nothing about the president having to sign on. A good information resource on compacts in general is the study Shield of Federalism: Interstate Compacts in Our Constitution.

An interesting political dynamic also is created when a state adopts the Health Care Compact. Imagine a U.S. senator who voted for Obamacare, facing the decision of whether to vote against his own state government’s request to take control of its own health care choices. The roll call vote results might include some surprises.

Michigan already belongs to scores of multistate compacts that have been approved by Congress. The Great Lakes Compact is probably the best known; it leaves critical decisions about the lakes in the hands of the states (and provinces) that border them. Compacts have a long history in our nation, stretching all the way back to the Mayflower Compact.

President Obama recently told a group of governors that he favors giving states “the power to determine their own health-care solutions.” The bill he was endorsing actually does no such thing, but the Health Care Compact really would.

The original version of this story was posted online on Dec. 2, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/14100.
Michigan Carpenters’ Union
Constructing a Fake Dispute

BY KEN BRAUN

As commonly understood, an American labor dispute is a rather simple matter: Employees demanding a change in their pay or working conditions walk off the job and begin to publicly demonstrate against their employer. But the Michigan Regional Council of Carpenters is no longer playing by these rules. Since last summer, the union has been organizing demonstrations against an employer that MRCC members do not work for — supposedly on behalf of construction workers that the union does not represent — and using demonstrators who are not employees of the company being targeted. Indeed, the demonstrators are frequently not MRCC members either, nor even construction workers at all.

Welcome to “bannering,” a new method being deployed by Big Labor bosses who wish to continue exerting their influence over a marketplace where employers, customers and workers have turned sharply against using union labor.

The employer being targeted is Ritsema Associates, a construction contractor headquartered in Grandville, near Grand Rapids. On July 13, MRCC sent a letter to Ritsema Associates, wherein the union claimed that it had done an “investigation” and concluded that the contractor was paying “substandard wages and fringe benefits,” and that this was “undermining the fair construction wage and benefits standards established by the Michigan Regional Council of Carpenters.” The letter makes no mention of how the investigation was conducted, who was spoken to or what documentation supported its claims.

It is also unclear why the union should be considered an authority regarding what the proper compensation should be for construction workers in the region.

The MRCC letter concludes by presenting Ritsema Associates — whose 120 employees are not MRCC members — with two alternatives:

1. Allow the union to examine Ritsema Associates’ private payroll data within seven days;
2. After that point, Ritsema Associates will be considered by the MRCC to be paying “substandard wages and benefits.”

Ritsema Associates declined to turn over its payroll information, and two weeks later more than a dozen of its customers received a “Notice of Labor Dispute” from the MRCC. The notice makes no attempt to claim that there is any dispute between Ritsema Associates and its employees, nor that MRCC is acting directly on behalf of any actual employees of Ritsema Associates. Instead, customers of Ritsema Associates were informed that the company and the MRCC are in a “dispute” because of the MRCC’s “solid commitment” to “protect and preserve area standard wages.”

“We are asking that you use your managerial discretion to not allow these non area standard contractors to perform any work on any of your projects unless and until they generally meet area labor standards for all their carpentry craft work,” reads the MRCC notice.

Because the MRCC was not alleging to speak for the workers of Ritsema Associates, this effectively means that the carpenters’ union is trying to get customers seeking carpentry work to kick carpenters off of jobsites. And while this was couched as a request from the MRCC, the union also informed the customers that there would be consequences if they continued using the employees of Ritsema Associates.

“We want you to be aware that our new and aggressive public information campaign against this company will unfortunately impact all parties associated with projects where they are employed,” the notice warns. The impact is defined as “highly visible” banner displays and “distribution of handbills” at the jobsites of Ritsema Associates’ customers.

Shortly thereafter, large banner displays manned by teams of demonstrators did begin to appear outside of several jobsites where employees of Ritsema Associates were working in downtown Grand Rapids, including hospitals and Van Andel Arena. (In some locations, roving lines of demonstrators holding picket signs have also been used.)

A banner being held outside Van Andel Arena during January said “Shame on Van Andel” in bold red letters. The letters were each more than a foot high. And in smaller font, the phrase “Labor Dispute” was noted on either side.

When asked, the banner holders denied being employed by Ritsema Associates, or Van Andel Arena, or any of the other contractors on the jobsite. They said they were not carpenters, and that they were not even members of the MRCC. Despite being the public face of this new and aggressive public information campaign by the MRCC, they would say only that they had been hired by the MRCC to “hold the banner.” They would not reveal how much they had been paid to do this, but one revealed that it was better than his previous wage, which he said was “nothing.”

Those asking them about the nature of the so-called “labor dispute,” were handed a flyer from the MRCC. It depicts a rat chewing on an American flag, and is titled, “Shame on Van Andel Arena for Desecration of the American Way of Life.” As with the correspondence leading up to the demonstrations, the text of the flyer repeats the allegation regarding Ritsema Associates’ alleged failure to pay “area standard wages,” and makes no effort to assert that any actual workers of Ritsema Associates are involved.

Nonetheless, the flyer provides a phone number and encourages the public to call Van Andel Arena and complain about Ritsema Associates workers on the arena’s property.

“That they say they have a dispute with me is a bald-faced lie,” said Bill Ritsema, president of Ritsema Associates, who says he has never spoken with anyone from the MRCC.

“A labor dispute suggests that there are employees who have a grievance against their employer,” said Chris Fisher, president of the Associated Builders and Contractors of Michigan. “There’s no such example in this. There’s not a single employee of any company that’s involved in this quote-unquote labor dispute. The only dispute is a refusal of companies to hand over their payroll data to an outside entity [the MRCC].”

ABC is a trade industry group representing Michigan’s merit shop, or non-union contractors.

“They are hired guns,” said Fisher, referring to the demonstrators. “They’re hired protesters and who knows if they even make a standard wage.”

He also notes that the whole concept of the MRCC claiming to be the enforcer for the “area standard wage” is absurd because unionized construction workers are such a small (albeit very vocal) portion of the construction trade.

Nationwide, unions now account for just 13.7 percent of the construction workforce, according to a recent news release from the U.S. Bureau of Labor Statistics. Fisher also references a recent report from UnionStats.com showing that unionized construction workers account for just 21.7 percent of Michigan’s construction workforce. (UnionStats.com is the work of researchers Barry Hirsh of Georgia State University and David Macpherson of Trinity University.)

“They tell them [contractors such as Ritsema] that they are guilty until proven innocent without any basis of guilt,” says Fisher.

“Legally, there is nothing I can do except employ the same tactics,” says Ritsema, when questioned about how he is handling the accusations. “That would just escalate [the situation].”

Instead, he has been setting up meetings with his customers to reassure them. He believes that at least one customer has stopped using his employees in order to make the MRCC demonstrations stop.

Ritsema Associates was founded in 1955, and its current president says the employees have never attempted to form a union.

“We have very low turnover,” says Ritsema of his staff. “We have a great group.”

Though the MRCC provides no documentation for their allegations against his company, and has not demonstrated an ability to speak for any of his employees, Ritsema believes he may have a clue as to what their real “dispute” may be with him. Ritsema Associates now has four offices, three in Michigan and one in Indiana. Last year, they submitted a bid on a job in Indiana, and he believes this bid threatened to take even more work away from the already shrinking union market share.

“They were upset because we were bidding against work that they considered their bailiwick.”

It was after this that the letter accusing him of violating standard wages arrived.

Fisher accuses the MRCC of “threatening good companies whose employees are happy to be there,” and says that the specific campaign against Ritsema Associates is “one of the most disingenuous and blatantly fabricated campaigns we’ve ever seen.”

The original version of this story was posted online on Feb. 2, 2011. It is available with hyperlinks and more info at www.MichCapCon.com/14458.
New members highlighted in yellow.

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**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.
**MichiganVotes.org**

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

**HOUSE BILL 4325**

*House Version of Fiscal Year 2011-2012 Education Budget, as passed 59 to 50 in the House*

*Introduced by state Chuck Moss, R-Birmingham*

Passed 59 to 50 in the House on May 26, 2011, the final House-Senate agreement for the 2011-2012 school, community college and state university budgets.

It appropriates $12.66 billion for K-12 public schools, compared to $12.17 billion originally recommended by Gov. Rick Snyder, and $13.13 billion the previous year (inflated by $420 million in “stimulus” and other one-time money). Per-pupil grants would be reduced by $300, but around $100 of that would be “given back” as a pension contribution subsidy, and another $100 to school districts that adopt specified reforms including paying 10 percent of health insurance benefits, refusing the policy terms of the teacher union’s insurance company, competitive bidding on non-instructional services, consolidating some services and more transparency. The budget includes $133 million to cover potential transition costs of a possible school employee pension reform.

The bill also appropriates $1.36 billion for state universities, compared to $1.58 billion the previous year, and more would be cut from universities that raise tuition by more than 7.1 percent. Community colleges would get $283.8 million, compared to $295.8 million last year. $395 million of the college and university budgets would come from tax revenue earmarked to the School Aid Fund, in the past mostly used just for K-12 schools.

**HOUSE BILL 4059**

*Ban putting union stewards on public payroll*

*Introduced by state Rep. Marty Knollenberg, R-Troy*

The bill would ban government or school employee union contracts that pay employees who are union officials for time they spend on the job conducting union business. Among other government employers, many public school districts give local union officials full teacher salary and benefits but do not require them to teach or perform any other educational function. Reportedly the City of Detroit pays $4 million annually to these union officials.

**HOUSE BILL 4152**

*Limit certain automatic government union employee pay hikes*

*Introduced by state Rep. Marty Knollenberg, R-Troy*

The bill would establish that when a government employee union contract has expired and no replacement has been negotiated, any seniority-based automatic pay hikes for individual employees (“step increases”) may not occur. Also, that any increase in health benefit costs above the former contract be borne by the employee, and establish that the wages and benefits under a new contract may be made retroactive to the expiration date of the old one.

**SENATE BILL 140**

*NOW PUBLIC ACT 16 OF 2011*

*Appropriate $102 million for state land acquisitions*

*Introduced by state Sen. Darwin Booher, R-Evart*

The bill would appropriate $102 million from the state Natural Resources Trust Fund for various land acquisitions and recreation projects. State oil and gas well royalty money is earmarked for this fund.

**SENATE BILL 144**

*NOW PUBLIC ACT 22 OF 2011*

*Expand 21st Century Jobs Fund corporate subsidies*

*Introduced by state Sen. Michael Green, R-Mayville*

The bill would authorize granting “21st Century Jobs Fund” corporate subsidies in the form of cash grants and loans to certain information technology and agricultural processing firms selected by state “economic development” officials.