



CAPCON MICHIGAN CAPITOL CONFIDENTIAL

MACKINAC CENTER FOR PUBLIC POLICY

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A review of the votes and proposals of the Michigan Legislature — Vol. 6 No. 2 Spring 2012

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Ecorse: Regaining Control

BY ANNE SCHIEBER

Ecorse has struggled since 1986 with public officials whose interests weren't always focused on the city, and with chronic overspending.

In 2009, former Gov. Jennifer Granholm selected Joyce Parker as Ecorse's emergency manager. Parker helped privatize most services, restructure the city's debt and renegotiated union contracts when she could. The city went from spending \$5 million more a year than it took in, to escaping bankruptcy. "She has been a savior for our city," said city resident William Holmes.

While some say pushing elected officials aside so an outside can run the city sounds like an extreme idea, in Ecorse it has meant regaining control of a situation

See "Ecorse," Page 6

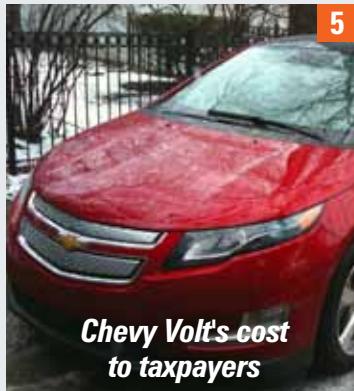


INSIDE THIS ISSUE

Back Page

I'M JUST A BILL

A sampling of proposed state laws



Chevy Volt's cost to taxpayers

SNYDER SIGNS GSRA BILL

BY JACK SPENCER

Now it's the law — graduate student research assistants (GSRAs) are not public employees.

On Tuesday, Gov. Rick Snyder signed a bill that specifies that GSRAs aren't public employees at the universities where they study and therefore are not eligible to be unionized.

"While graduate student research assistants provide valuable efforts for universities, they are students first and foremost," Snyder said in a release. "Considering them to be public employees with union representation would alter the nature of the critical relationship between students and teachers, and risk the educational mission of universities."

The bill (House Bill 4246) codifies a Michigan Employment Relations Commission (MERC) position that dated back to 1981. Under that long-held position, GSRAs had been considered students. However, it was believed the legislation was needed to head-off a possible reversal of the 31-year-old MERC position.

A group of graduate student research assistants at the University of Michigan were pressing for MERC to rule that they were employees. What's more, it appeared that MERC (a three-member panel with a 2-1 Democratic majority) was poised to



GSRA Melinda Day

See "GSRA Bill," Page 8

Teacher Upset She Can't Retire at 47

BY TOM GANTERT

Terri List says she would tell her students not to become a teacher in Michigan.

Why?

One of the reasons is because the Saginaw Township Community School District English teacher won't be able to retire at age 47 as she has hoped.

List was highlighted by the Michigan Education Association as one of the critics of Senate Bill 1040, which would require public school employees to contribute at least 5 percent of their compensation to their retirement plan.

The MEA reported on its website: "Saginaw Township teacher Terry (sic) List had hoped to retire in the next three

See "Teacher Upset," Page 8

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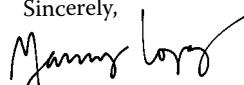
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Manny Lopez,

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ad liberties

RELENTLESS POSITIVE MEDICINE



BY JOSEPH G. LEHMAN

Editor's note: A version of this commentary appears in the

Spring 2012 issue of Impact, the Mackinac Center's quarterly newsletter.

I've written elsewhere that 2011 was the best year for policy reform in Michigan since Gov. John Engler's first term (1991-94). Not coincidentally, the state's economy is finally improving. Gov. Rick Snyder deserves significant credit for this, so voters must approve of the job he's doing, right?

Wrong. My quick review of 13 polls going back to January last year tells me voters have disapproved more than they have approved by 20-30 percentage-point margins for most of the governor's tenure. And they still disapprove.

The disapproval numbers are falling, and the approvals are inching upward, but Gov. Snyder has yet to get anywhere near 50 percent approval. (The Talking Points Memo Polltracker neatly summarizes the surveys.)

Why? Probably no one really knows, but I'll venture a theory. It's the same reason kids would give their parents a low approval rating if you surveyed them at bedtime — right after being told they had to go to bed whether they were tired or not. Or right after being told to eat their vegetables. Getting enough rest and eating nutritiously are good, but telling kids to do so is not the way parents earn immediate approval.

I'm not equating voters with children, but children are handy exemplars of the natural reaction anyone feels when presented with stark realities.

Gov. Snyder's approval is



Gov. Rick Snyder, though often unpopular with voters, has been effective in instituting free-market policies in Michigan.

low because no one wants to hear the state can no longer spend as if Michigan's economy hadn't lost nearly a million jobs, Detroit hadn't lost half its population, and our biggest industry hadn't lost dominance in the global marketplace.

Economic strength paid for policy indulgences of the 1960s, 70s, 80s and 90s that are no longer affordable. Gov. Snyder took aim at some government union excesses and government employment benefits that greatly surpassed private-sector norms. He cut the tax burden on job creators and converted the tax code from a lopsided collection of loopholes and corporate giveaways to a vastly simpler flat tax. He preached "shared sacrifice" while, inevitably, the effects were felt unevenly.

About 25 of his reforms were worth writing about on Page 6. The changes vaulted Michigan from a rank of 49th to 7th among the states for corporate taxes, and from 18th to 12th for overall business tax climate, according to the Tax Foundation.

We're no cheerleader for any politician, but we do cheer for free-market policies. Gov. Snyder has spearheaded a lot of it recently, although we aren't reluctant to point out where he, and the Legislature, should do

even more to rein in unions and reduce taxes and spending.

Overall, Gov. Snyder has acted as the adult in the room when it came time to clean up the fiscal mess left by predecessors. If his goal is to restore Michigan to prosperity, he is not done delivering the bad news yet. His slogan has been "Relentless Positive Action" but perhaps it should be "Relentless Positive Medicine." ■

Joseph G. Lehman is president of the Mackinac Center for Public Policy. The original version of this story was posted online on Mar. 27, 2012. It is available with hyperlinks and more info at www.mackinac.org/16683.

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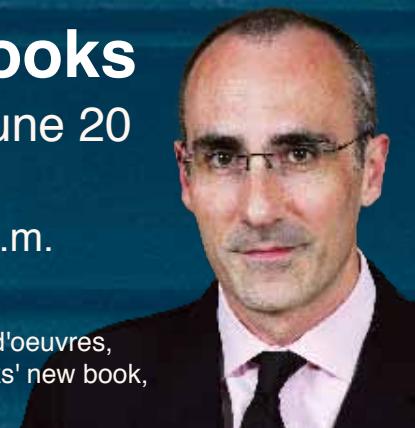
Arthur Brooks

Wednesday, June 20
in Birmingham

6:00 p.m. - 8:30 p.m.

Tickets \$30

Cost includes heavy hors d'oeuvres, drinks and a copy of Brooks' new book, "The Road to Freedom"



An Evening with the
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Jonah Goldberg

Friday, July 6
in Traverse City

6:00 p.m. - 8:30 p.m.

Tickets \$30

Cost includes heavy hors d'oeuvres, drinks and a copy of Goldberg's new book, "The Tyranny of Clichés"



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Meet the Authors



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Video Shows President Obama, Top Politicians Praising Failed Green Company

BY JACK SPENCER

A video that has gone virtually unseen highlights the high-powered political rhetoric and unrealized promises put forth by President Barack Obama and Michigan's top Democratic politicians regarding the heavily subsidized and now-troubled A123 Systems battery manufacturer.

The video, which had just over 600 views since it was posted in Oct. 2010 on YouTube, has Obama, U.S. Secretary of Energy Steven Chu, former Michigan Gov. Jennifer Granholm and U.S. Senators Carl Levin and Debbie Stabenow singing the praises of the now-troubled advanced battery manufacturer A123 Systems.

A123 Systems, which opened its lithium-ion battery manufacturing plant in Livonia in September 2010, saw its stock plummet to the lowest price ever at 82 cents this week. The previous high was nearly \$26.

A class action lawsuit was filed against A123 Systems this week on behalf of shareholders alleging a violation of federal security laws. According to Business Week, the lawsuit claims A123 Systems withheld information about defective batteries from shareholders who bought stock between Feb. 28 and March 23, 2012. The company estimated last month that the cost of replacing the defective batteries would be \$55 million.

Last month, the company reported losing \$90 million in 2011. It also laid off 125 of its reported 1,000 Michigan employees last year.

The company has become a poster child of government subsidies for green energy initiatives. The state of Michigan



A123 Systems failed to deliver job creation in Michigan.

gave A123 Systems \$100 million in MEGA tax credits. A123 Systems also received another \$41 million in tax breaks and subsidies from the state. The Department of Energy awarded A123 Systems a \$249.1 million grant as part of the federal "stimulus program."

Even with all the government subsidies, the company has suffered several setbacks.

But in 2010, politicians painted a far different future for A123 Systems.

In the video, Gov. Granholm's press conference on A123 Systems was interrupted by a phone call.

It was President Obama on the line to remind the audience that it was his American Recovery and Reinvestment Act that enabled A123 Systems to be the "first American factory to start high-volume production of advanced vehicle batteries."

Secretary Chu said in the video that he hoped A123 Systems could create "thousands of jobs."

"It really does make me feel really happy, proud that we are starting things, giving jobs, creating new jobs and hopefully the first 300 are just the beginning. Another 300 and another 300 ...thousands of jobs,"

he said. "It's going to be great."

Sen. Levin predicted "thousands of jobs" by 2011. Gov. Granholm said it made Michigan the "advanced battery capital of North America."

The video highlights the political rhetoric behind Michigan's green crusade, said one environmental policy expert.

"This shows the utter dysfunction of politicians' efforts at economic development via media events and ribbon cuttings," said Paul Chesser, associate fellow for the National Legal & Policy Center, in an email. "Just because they say a business will work, and they throw millions of taxpayer dollars at it, doesn't mean it will be a success. Elected officials who conduct their policy planning this way exhibit tremendous arrogance."

Senators Levin and Stabenow didn't immediately provide comments when messages were left at their offices. A123 Systems Spokesman Dan Borgasano didn't immediately respond to an email seeking comment. ■

The original version of this story was posted online on Apr. 5, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/16737.

Green Eyeshadow On Red Ink: 'Green' Jobs Fail To Live Up To The Hype

Michigan invests billions, politicians' promises fail to materialize

BY TOM GANTERT

In 2010, then-Gov. Jennifer Granholm touted the "energy economy" with helping turn around Michigan's economy.

Granholm boasted that the state had 109,000 green jobs in 2009 and said, "The new energy economy is already here, infusing our state with good-paying, permanent jobs."

From 2004 to 2009, Gov. Granholm said Michigan had invested \$1 billion to promote "green manufacturing."

Yet, green jobs account for just 2.1 percent of the total jobs in Michigan today, according to a government report.

The Bureau of Labor Statistics recently released a report that Michigan was 12th in the nation in providing jobs related to "green" energy. The report said Michigan had 79,771 green jobs, based on 2010 data.

There are 3.1 million jobs in the state, meaning those "green" jobs account for 2.1 percent of the total jobs in Michigan.

The BLS report also questions Gov. Granholm's claim of 109,000 jobs.



Granholm claimed that the green energy business created thousands of jobs, but, in reality, little economic improvement occurred.

Gov. Granholm didn't respond to an email asking where she got her number of 109,000 green energy jobs, which is 37 percent higher than the BLS figure.

But James Hohman, a fiscal policy analyst with the Mackinac Center for Public Policy said the BLS report should open some eyes about how much of an impact green jobs have on the state's total economy.

"The new BLS figures provide some context into whether politicians' promises have translated into economic growth," Hohman said in an email. "So far, green falls short of expectations. Subsidizing trendy industries at the expense of everyone else will hurt the state's recovery." ■

The original version of this story was posted online on Apr. 4, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/16730.

Chevy Volt Costing Taxpayers Up to \$250K Per Vehicle

Analyst: 'This might be the most government-supported car since the Trabant'

BY TOM GANTERT

(Editor's note: This article has been updated with a reaction from a General Motor's official.)

Each Chevy Volt sold thus far may have as much as \$250,000 in state and federal dollars in incentives behind it – a total of \$3 billion altogether, according to an analysis by James Hohman, assistant director of fiscal policy at the Mackinac Center for Public Policy.

Hohman looked at total state and federal assistance offered for the development and production of the Chevy Volt, General Motors' plug-in hybrid electric vehicle. His analysis included 18 government deals that included loans, rebates, grants and tax credits. The amount of government assistance does not include the fact that General Motors is currently 26 percent owned by the federal government.

The Volt subsidies flow through multiple companies involved in production. The analysis includes adding up the amount of government subsidies via tax credits and direct funding for not only General Motors, but other companies supplying parts for the vehicle. For example, the Department of Energy awarded a \$105.9 million grant to the GM Brownstown plant that assembles the batteries. The company was also awarded approximately \$106 million for its Hamtramck assembly plant in state credits to retain jobs. The company that supplies the Volt's batteries, Compact Power, was awarded up to \$100 million in refundable battery credits (combination tax breaks and cash subsidies). These are among many



Both the state and federal government subsidized the Chevrolet Volt to an extreme level.

of the subsidies and tax credits for the vehicle.

It's unlikely that all the companies involved in Volt production will ever receive all the \$3 billion in incentives, Hohman said, because many of them are linked to meeting various employment and other milestones. But the analysis looks at the total value that has been offered to the Volt in different aspects of production – from the assembly line to the dealerships to the battery manufacturers. Some tax credits and subsidies are offered for periods up to 20 years, though most have a much shorter time frame.

GM has estimated they've sold 6,000 Volts so far. That would mean each of the 6,000 Volts sold would be subsidized between \$50,000 and \$250,000, depending on how many government subsidy milestones are realized.

If those manufacturers awarded incentives to produce batteries the Volt may use are included in the analysis, the potential govern-

ment subsidy per Volt increases to \$256,824. For example, A123 Systems has received extensive state and federal support, and bid to be a supplier to the Volt, but the deal instead went to Compact Power. The \$256,824 figure includes adding up the subsidies to both companies.

The \$3 billion total subsidy figure includes \$690.4 million offered by the state of Michigan and \$2.3 billion in federal money. That's enough to purchase 75,222 Volts with a sticker price of \$39,828.

Additional state and local support provided to Volt suppliers was not included in the analysis, Hohman said, and could increase the level of government aid. For instance, the Volt is being assembled at the Poletown plant in Detroit/Hamtramck, which was built on land acquired by General Motors through eminent domain.

"It just goes to show there are certain folks that will spend anything to get their vision of what people should do," said State

Representative Tom McMillin, R-Rochester Hills. "It's a glaring example of the failure of central planning trying to force citizens to purchase something they may not want. ... They should let the free market make those decisions."

"This might be the most government-supported car since the Trabant," said Hohman, referring to the car produced by the former Communist state of East Germany.

According to GM CEO Dan Akerson, the average Volt owner makes \$170,000 per year.

~~~~~  
(Updated Information)

Greg Martin, director of Policy and Washington Communications for GM, wrote in an email, "While much less than the hundreds of billions of dollars that Japanese and Korean auto and battery manufacturers have received over the years, the investments provided by several different Administrations and Congresses to jump-start the country's fledgling battery technology and domestic electric vehicle industries (not just specifically for the Volt as Ford's offering will also use LG Chem batteries and Fisker will use the A123 system for example) matches the same foresight and innovation leadership that other countries are exhibiting and which America has historically taken pride in."

Martin added that the Mackinac Center's math was "simple and selective." However, he offered no data or specifics to support his assertion.

"This is a matter of simple math," said Hohman. "I added the known state and federal incentives that have been offered and divided by the number of Volts sold. If GM has additional information to add to the public data on the use of taxpayer money, I look forward to seeing it." ■

*The original version of this story was posted online on Dec. 21, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/16192](http://www.MichCapCon.com/16192).*

COMMENTARY

## Detroit: The Triumph of Progressive Public Policy

*How did this great city fall so far?*



BY JARRETT SKORUP

*(Editor's note: This is an updated version of an article that originally appeared on July 6, 2009.)*

Imagine a city where all the major economic planks of the statist or "progressive" platform have been enacted:

A "living wage" ordinance, far above the federal minimum wage, for all public employees and private contractors.

A school system that spends significantly more per pupil than the national average.

A powerful school employee union that militantly defends the exceptional pay, benefits and job security it has won for its members.

Other government employee unions that do the same for their members.

A tax system that aggressively redistributes income from businesses and the wealthy to the poor and to government bureaucracies.

Would this be a shining city on a hill, exciting the admiration of all? We don't have to guess, because there is such a city right here in our state: Detroit.

Detroit has been dubbed "the most liberal city in America" and each of these "progressive" policies is alive and well there. How have they worked out?

In 1950, Detroit was the

## ECORSE

from Page One

that wasn't sustainable.

The city of 9,300 residents had a deficit that was 50 percent more than its annual operating budget.

Parker, who had worked in unelected city management roles in six cities over three decades, hadn't seen anything quite like Ecorse.

"No one was watching the budget, how much was being spent," she said. "The city was spending \$4.5 million to \$5 million [more] every year than what it was bringing in."

She ordered an audit, determined what services city taxpayers valued most, and got to work. She also saved the city money by restructuring debt, settling lawsuits and managing the public works department in-house.



A Mackinac Center video featuring Ecorse City Manager Joyce Parker can be viewed at [www.mackinac.org/16970](http://www.mackinac.org/16970).

And she tackled the city's payroll, which proved to be an especially tough job.

"It's difficult going from 5 percent increases every year to maybe no increases for the next three years, or taking the cut in pay," Parker said.

She also faced huge resistance from government unions, particularly those representing police and firefighters.

"I wasn't able to reduce salaries; not able to reduce benefits," she said. "I wasn't able to change any working

conditions under the contract, things of that nature."

The contracts eventually expired, but Parker couldn't get anyone to the bargaining table.

The contracts enabled workers to easily ring up overtime. One year, the overtime bill for 32 employees was half a million dollars.

Then, she caught a break.

In 2011, Michigan passed Public Act 4, which redefined the emergency manager law and gave Parker and other emergency managers the power to set aside union contracts.

Parker made changes that benefited the taxpayers — not the government unions. Changes in the police and firefighter contracts alone saved Ecorse \$1 million a year — one-tenth of the city's budget.

Union members are not happy with the changes.

"We did not put the city in that position," said Mark Wilson, from the fire department union. "If you look at other cities, we were 13 percent of the budget and they still cut us."

City administrators question that percent.

Now Parker is trying to combine police and fire service into a single public safety department, where staffers would do both jobs. She says this will allow for more officers to be

on duty at the same time. The firefighters are skeptical.

"What's going to happen when someone sets a house on fire and someone robs a bank? Where are the cops going to be at?" asks Ken Cobb, an Ecorse firefighter.

While the changes are difficult, Parker is hopeful that employees — like taxpayers — will appreciate the benefits of a solvent city. Bankruptcy would be even worse.

A municipal bankruptcy could hurt the city's bond rating, causing more trouble, said Mackinac Center Adjunct Scholar Michael Hicks.

"You'll pay more for water and sewer projects; more for infrastructure improvements," he said. "Bond ratings may or may not drop precipitously, but it's not going to help the bottom line."

And bankruptcy could be ugly in other ways.

"When you consider bankruptcy, generally you may come in [and] sell all the city's assets," Parker said. "You don't really think about service delivery as much."

Investors have taken notice of the turnaround in Ecorse.

A private developer is rebuilding subsidized housing units at his own expense.

A local church is winning grants for community projects like a senior housing center.

And, the city has renewed a friendship with the city's largest taxpayer, U.S. Steel, Parker said.

Meanwhile, the Ecorse City Council remains on the sidelines.

City Councilwoman Brenda Banks said she "can't say" whether "it's been good or bad."

"It's been interesting," she said. "We have had no say but we now have a balanced budget for the next two years and that is good."

*The original version of this story was posted online on May 22, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16949](http://www.MichCapCon.com/16949).*

# The Dangers of Painting

*'Irrational' licensing requirements force painters, floor sanders, glaziers to give time and money*

BY JARRETT SKORUP

Want to make a little extra cash painting houses this summer? Thanks to Michigan's licensing apparatus, it'll cost you.

Michigan law requires painting contractors to pay \$235, take 60 hours of state-approved prelicensure education, pass two exams and be over 18 years of age, according to the Institute for Justice, a libertarian public interest law firm. Michigan is one of only 10 states that licenses painters — and only five states require any education to paint for a living.

Lisa Knepper, director of strategic research at the Institute for Justice, worked on the firm's recent report on licensing in all 50 states. She says that occupational licensing has "rapidly become a burden" on middle-class citizens across the nation.

"We looked at 102 occupations affecting low or middle-income workers. What we found is that these licensing burdens are not only widespread, but irrational," she said. "[States force] workers [to] spend a lot of time getting licensed rather than working."

Michigan requires licensing in a variety of areas not commonly done in other states.

Floor sanding and finishing contractors, those who "scrape and sand wooden floors to smooth surfaces using floor scraper and floor sanding machines," are required to pay \$215, take 60 hours of state-approved education, pass an exam and be over 18 years of age. Michigan is one of only nine states who require licensing for floor sanders, and only five states require any extra education to perform this task.

If citizens want to install security alarms, the state requires \$200, over 1,400 hours of training, an exam and a minimum age of

25, according to the Institute for Justice. Sixteen states require no license for security alarm installers.

Glaziers, those who install glass, are licensed in only nine states. Michigan requires a license, \$215, 12 days of experience and an exam. Only four states require any extra education to perform this task, the Institute found.

Belinda Wright, a licensing manager with the Department of Licensing and Regulatory Affairs for the State of Michigan, said that painters who receive more than \$600 for a project need to be approved by the state.

"The law says that residential builders and residential alteration contractors (painters) require a license," she said.

Occupational licensing proponents often point to the requirements for safety reasons. But Knepper said it is unlikely that this licensing has made Michigan a less dangerous place to work and live.

"We are not aware of any epidemic of harm from residential painters or floor sanders around the nation from unlicensed workers," Knepper said. "This undermines the case that it is truly a safety issue."

The state Office of Regulator Reinvention has recently suggested 18 occupations that should be deregulated. One industry, barbers, are required to spend 2,000 hours in training — more than lawyers in Michigan.

House Bill 5326 submitted to the Michigan legislature by Rep. Ray Franz would exempt individuals and contractors from a variety of licensing mandates, including painting. It currently sits in committees for the State House and Senate.

*The original version of this story was posted online on May 29, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16969](http://www.MichCapCon.com/16969).*

## COMMENTARY

# Better Late Than Never: An End To the 'Dues Skim'

## What can \$30 million buy?



BY MANNY  
LOPEZ

One can't underestimate the power of the action Sen. Dave

Hildenbrand, R-Lowell, and his colleagues made last week with the passage of a Senate bill that aims to stop the taking of money from unsuspecting home health care workers in Michigan.

More than \$30 million has been skimmed off the top of home health care worker paychecks since the Service Employees International Union pushed a unionization drive on them through a series of intricate and suspect dealings that took place under the governorship of Jennifer Granholm.

Think about that. With \$30 million you could buy Michael Jordan's suburban Chicago mansion. You could fly first-class to Rome at least 4,758 times.

Or you could line the pockets of union bosses for almost four years.

The Michigan House of Representatives passed a bill in June that would have ended the scam. It made its way to the state

Senate where it was passed out of the Reforms, Restructuring and Reinventing Committee but languished because Senate leadership didn't put it up for a vote.

In the nine-plus months the bill sat idle in the Senate, more than \$4 million was taken from home health care workers.

Think about that. With \$4 million you could buy premium single-game seats at Comerica Park for 47,058 games (553 years); or the most premium game suite at Ford Field at least 266 times (33 years).

Or you could line the pockets of union bosses.

Majority State Senate Leader Randy Richardville, R-Monroe, on Thursday finally put the bill up for a vote — and then voted to stop the scam, saying he did so because he now realizes that the “vast majority” involved were relatives and friends caring for loved ones.

Better late than never.

Senate Appropriations Committee Chair, Sen. Roger Kahn, R-Saginaw, who received \$5,000 from the SEIU on the day in June that the House bill was sent to the Senate, still voted with the SEIU — the lone Republican to side with the union.

The newly passed Senate bill will go to the House where it surely will pass given that it originally came from that chamber.

Then it's on to the governor.

The unions, predictably, are screaming and talking about suing. Perhaps doing so will shed some light on the dirty practices that have taken place.

This isn't the first unionization scam to happen. Remember the daycare workers who were “unionized” also when Gov. Granholm was at the helm of Michigan? Gov. Snyder stopped



Rob and Pat Haynes have had union dues taken from their Medicaid checks and feel the pain of the SEIU's skim as they seek to care for their two adult children with cerebral palsy. See their story at [www.mackinac.org/16645](http://www.mackinac.org/16645).

that in its tracks.

If the unions were delivering a service that was worthy of the dues they charge, they wouldn't have to organize workers surreptitiously. If union services were so fantastic for workers, then workers would line up to join unions. Unions wouldn't be afraid of letting workers decide not to join. Unions would compete honestly and openly and be proud of the so-called services they deliver.

Instead, millions of dollars are taken from workers by unions that can't — or won't — publicly justify their existence or account for the millions they've taken from people, including those home health care workers who mostly had no idea they were part of a union.

Thankfully, Michigan Senate leaders finally took this issue seriously and took action.

Let's hope this kind of scam doesn't happen again. ■

*The original version of this story was posted online on Mar. 26, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16668](http://www.MichCapCon.com/16668).*

## Cutting Librarians and Therapists Would Save Prisons Millions

### Senate Panel Finds \$72.5 Million To Cut From Prison Administration

BY JACK SPENCER

Shhh . . . keep it down.

A Michigan Senate committee has identified \$5.6 million the state could save by cutting prison library staff.

“We found that some prisons have up to four library staff members,” said Sen. John Proos, R-St. Joseph, chair of the Senate Appropriations Subcommittee on the Department of Corrections. “Overall, our budget would cut 52 library staff members from the state's prisons. That would bring a savings of \$5.6 million.”

That \$5.6 million represents only a fraction of the savings the subcommittee identified. On March 28, the Senate Appropriations Committee approved a 2013 budget that sliced \$72.5 million from Gov. Rick Snyder's budget recommendation.

**“Prisons need to do more with less, just like the private sector does; and frankly, like most of our schools are doing.”**

—Sen. John Proos,  
R-St. Joseph

In addition to cutting prison library staffs, the committee found that \$1.4 million in potential savings could be realized by eliminating music therapists and recreational therapists from prison budgets.

“There's just no way we can justify funding those positions,” Sen. Proos said, referring to the music and recreational therapists. “Prisons need to do more with less, just like the private sector does; and frankly, like most of our schools are doing.”

The highlight of the legislation

(Senate Bill 0951) are \$58.7 million in savings from reducing facility-level noncustodial (not involved with keeping prisoners in custody) staff by 580.

The largest portion of the \$58.7 million in savings would be \$32.1 million through elimination of 300 assistant resident unit supervisors. According to the findings of the committee, Michigan's prisons have adequate management personnel without the added layer these supervisors represent.

In addition to eliminating the assistant supervisors and librarians, other cost-saving cutbacks in the measure include:

- Limiting each prison warden office to just one secretary — \$12 million in savings
- Limiting each prison to just one word processing expert — \$2.5 million in savings
- Limiting each prison to just one deputy warden — \$3.1 million in savings
- Limiting prisons to just one corrections inspector — \$1.4 million

“Michigan's prison populations have decreased by 8,000 in five years and we have closed 14 facilities, yet corrections still employs one-third of all state employees and their costs keep going up,” Sen. Proos said. “This budget is a step toward bringing Michigan's costs in line with surrounding states. We have reduced unnecessary administration like multiple secretaries and word processing assistants, and we have been innovative enough to ensure taxpayers are getting the most value for their dollar.” ■

*The original version of this story was posted online on Mar. 31, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16712](http://www.MichCapCon.com/16712).*



As of May 31, 2012, \$30.5 million had been skimmed by the SEIU.

## Most Michigan Voters Think Right-to-Work Is a Winner

### Overwhelming support for choice in unionization

BY JACK SPENCER

A majority of Michigan voters support right-to-work, according to multiple polls done in the state over the past few years.

Earlier this month, Lansing-based Marketing Resource Group released the most recent polling result on right-to-work in Michigan. The survey, commissioned by Inside Michigan Politics, showed that 58 percent of likely voters support right-to-work. Opposition among Michigan voters participating in the survey was at 37 percent.

A right-to-work law would guarantee that no one can be forced as a condition of employment to join a union or have to pay dues or a fee to cover the costs associated with a union bargaining on behalf of its members.

The Marketing Resource Group poll came out shortly after an East Lansing-based Mitchell Research and Communications Inc. poll showed virtually the same result. According to the Mitchell Research poll, 57 percent of likely voters support a right-to-work law, with 35 percent of respondents registering some level of opposition.

The Mitchell Research poll results, released on March 6, were from a survey commissioned by the National Federation of Independent Business and the Associated Builders and Contractors of Michigan.

According to the Mitchell Research poll, 41 percent of the likely voters surveyed who supported right-to-work said they strongly supported it. Among those who opposed to it, only 26 percent said they were strongly opposed.

A coalition of unions are doing a petition drive to put a proposal on the November ballot that would constitutionally prevent Michigan from becoming a

right-to-work state. When the proposal was first announced it was specifically identified as anti-right-to-work. However, when the petition language was unveiled, the term right-to-work was conspicuously absent.

Mitchell Research Chairman Steve Mitchell said he thinks that exclusion was intentional because "right-to-work" polls so favorably.

"They know that right-to-work is popular. I remember working on term limits back in 1992. Those opposing term limits were aware that the terminology 'term limits' was popular and voters knew what it meant. Knowing this, they tried to work on the ballot proposal without mentioning 'term limits.' And that's what we see happening now with right-to-work.

"What the proposal is really about is stopping right-to-work and getting back bargaining advantages for the unions," he said. "But the unions are going to try to say it's about protecting collective bargaining.

"My point of view is that you can have collective bargaining and right-to-work," Mitchell continued. "Those two things are not mutually exclusive."

Union Conservatives, a group representing union members who support right-to-work, is holding a rally in support of right-to-work at the Capitol Building in Lansing this week.

Terry Bowman, founder of the Union Conservatives, said that the poll results on the issue are a true reflection of what voters think of right-to-work when it's presented fairly.

"It's obvious that the voters support right-to-work once they hear the truth about what it really is," Bowman said. "When asked, a majority of voters agree that workers should not be forced to pay dues to an outside, third party. This

is true of union workers as well.

"Unions sometimes pay for polls that ask about right-to-work by describing it in terms of whether workers should get union representation without having to pay for it," Bowman added. "When the question is asked that way, it tends to bring the numbers in support down. But when the truth is told about right-to-work, even union workers support it."

Both the MRG and Mitchell polls came in the wake of Indiana becoming the nation's 23rd right-to-work state on Feb. 1. However, previous polling also showed a majority of Michigan voters support right-to-work.

In the spring of 2011, EPIC/MRA released polling data showing 54 percent of respondents supported right-to-work, with 45 percent opposed.

A poll commissioned by the Grand Rapids Press and released on Labor Day weekend, 2010, showed support for right-to-work at 51 percent, with slightly more than 27 percent opposed.

Mitchell said he can't remember when he last saw poll results that showed more opposition to right-to-work than support.

"If I've seen any, it would have been a long time ago," he said. "Everything I've done recently shows strong support for it. That includes in-depth polling I did last year that wasn't released publicly. With that polling we really vetted the issue from a lot of angles and it stood up very well."

Nationally, polling — particularly since early 2009 — has shown unfavorable attitudes toward labor unions. A March 2009 poll conducted by Rasmussen Reports showed only 9 percent of non-union workers wanted to join unions. A February 2010 Pew Research poll revealed only 41 percent of those surveyed had a favorable view of unions, with 42 percent holding unfavorable sentiments. ■

*The original version of this story was posted online on Mar. 30, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16695](http://www.MichCapCon.com/16695).*

## UPSET TEACHER

from Page One

years when she was 47 years old. That wouldn't be possible under SB 1040. List would have to work another 16 years to be eligible for health benefits."

"By the time I'm 60, I would have put in 43 years of service, earning a salary at the top of the pay scale. How does that save the district money? You could hire two people for the cost of one and encourage young people to join the profession. Right now, I would not recommend to my pupils to become a teacher in Michigan."

List didn't respond to an email seeking comment.

According to the school's most recent teacher's contract, List earns between \$70,000 and \$80,000 a year depending upon her level of education. Factor in expected pay raises over the next 15 years and it's likely List would make more than \$90,000 by the time she retires, said Michael Van Beek, education policy director at the Mackinac Center for Public Policy.

Van Beek estimated List's pension would be \$60,000 a year in retirement and it would increase 3 percent a year and she would get health benefits when she retired at age 60. Van Beek also said that it is likely that List bought "years of service" because she said she would have 43 years of service by age 60. Van Beek said that practice is basically extinct in the private sector.

Leon Drolet, chairman of the Michigan Taxpayers Alliance, called List's comments "amazing."

"Wow. They have reached the politicians' level of entitlement," Drolet said. "She thinks she is entitled to retire at 47? Holy smokes. I don't know what more to say to that. A government employee thinking that 47 is a reasonable expectation to retire shows just how deep inside their own bubble they live, insulated from the real world."

Charles Owens, president

of the Michigan chapter of the National Federation of Independent Business, said tongue-in-cheek that List was "spot on" in her complaint.

"If you want to retire if you are 47, apparently teaching is not the place to go," Owens said. "The least Terri could do is provide a list of places other people could go so they can retire when they are 47." ■

*The original version of this story was posted online on Apr. 18, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16789](http://www.MichCapCon.com/16789).*

## GSRA BILL

from Page One

do just that. MERC had recently kept those advocating that GSRA were students, not employees, out of hearings about the possible policy change.



Wright

The Mackinac Center Legal Foundation was one of the entities MERC kept out of the hearings.

The other was the office of the Michigan Attorney General.

"The bill the governor signed clarifies what we have known for a long time," said Patrick Wright, director of the Mackinac Center Legal Foundation. "Graduate student research assistants are not public employees. They should not have their financial aid taken away as dues."

In spite of the passage of House Bill 4246 and it being signed into law, the Graduate Employees Organization (GEO), the group that was attempting to unionize the GSRA, has apparently not given up. The GEO has filed a motion with MERC to still try and get GSRA recognized as being eligible to be considered public employees and therefore subject to unionization. ■

*The original version of this story was posted online on Mar. 14, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16596](http://www.MichCapCon.com/16596).*

# UAW MEMBER: UNION WORKERS 'NEED TO EMBRACE' RIGHT-TO-WORK LAWS

## A union worker discusses organized labor

BY JACK SPENCER

UAW member Terry Bowman founded the group Union Conservatives in 2010 after getting fed-up with union practices and propaganda.

Bowman, a former bank manager, now works at the Rawsonville Ford Plant in Ypsilanti. He has been in the UAW for 14 years.

As a group, Union Conservatives is comprised of union members who don't share the same "world view" that union leaders promote. They favor right-to-work laws and oppose being forced to hand over dues to unions that use the money to promote political ends with which they disagree.

Capitol Confidential conducted an interview with Bowman via telephone and email. The following are excerpts from that interview.

### Q. Why should union members support right-to-work legislation?

A. Union members need to embrace right-to-work legislation because it represents a return to a worker being able to exercise their First Amendment rights of Freedom of Association. Anyone has the right to be in a union – but only if they choose to do so. To force someone into a relationship with an outside third party, simply as a condition of employment, is a violation of their First Amendment rights.

Secondly, union workers must realize that in forced-unionism states like Michigan, union officials hold and retain ultimate power. They can do whatever they want, they can perform as well or as badly as they want and workers have no recourse. Workers must, as a condition of employment, continue to financially support the activities of their union bosses. This

is where I used the example of the "One Nation Working Together Rally" in Washington, D.C., where union officials rallied shoulder-to-shoulder with the Communist Party USA, The Socialist Party, and the Democratic Socialists of America. Right-to-work laws return that power back to the worker because, for the first time, their union bosses become accountable and answer for their actions.



Bowman

Thirdly, union workers need to understand that right-to-work laws make unions stronger in the long run. In forced-unionism states like Michigan, unions have no competition for the dues of their members so they have no reason to improve or pay attention to the needs of the workforce. In a right-to-work state, union officials must get better at doing what they were created to do: represent their members in the workplace.

### Q. How unusual are union members who share your beliefs about right-to-work issues?

A. Not as unusual as union officials want you to believe. I personally have found wide support from union workers all over Michigan for right-to-work laws. You can be pro-union, and favor right-to-work at the same time. A Cap-Con article shows us that in an internal National Education Association survey revealed that its union membership in Michigan includes many more conservatives than is commonly perceived.

### Q. How will Michigan be affected by Indiana becoming a right-to-work state?

A. If Indiana becomes a right-to-work state and Michigan does not, Michigan - especially the western part of the state - will bleed jobs into Indiana. All things being equal, Indiana is already pulling jobs from Michigan, and this could be devastating. Gov. Rick Snyder keeps saying that the issue is too divisive...however he will have to explain to the families of Michiganders who have lost their jobs to Indiana that he knows best.

Secondly, I hope that it spurs Michigan to quickly and unhesitatingly pass a right-to-work bill.

### Q. To what extent do you believe unions have become primarily interested in just making sure they can keep collecting dues?

A. Unfortunately, I believe it is the main reason why union leaders indoctrinate their workers into believing that right-to-work laws are anti-union. We know, from honest study, that unions are alive and strong in right-to-work states, and economically, right-to-work states excel in comparison to forced unionism states. Forced dues is the lifeblood of unions who wish to use that money for the advancement of one political party that they know only half of their membership supports.

### Q. Do you think times have changed regarding the role unions play? If so, how have they changed?

A. Without a doubt, unions have drastically changed. Unions were originally created to do one thing: represent their workers within the boundaries of the workplace. Over the years, union bosses have become arrogant because they know they can force workers to financially support them. This arrogance, along with their relationships with one political party, has led them to believe that they have a much greater role in society than they actually do. Unions are not agents of social change in any capacity because they are ill-equipped to be so. Because of this arrogance, and

their political affiliations, unions use their forced dues and power to infiltrate into social issues that they have no business getting involved in.

A great example is the fact that the Service Employees International Union has spent millions of forced union dues to push for passage of the DREAM Act. Unions used to fight against illegal immigration because it hurt the job market. Now, however, the Democrat Party has identified with the desire to be soft on illegal immigration, so suddenly unions are all for amnesty and giving these people the ability to vote for Democrats.

### Q. Do you think some union leaders are just interested in keeping things going until it's time for them to retire?

A. Absolutely, we have seen this time and time again. Union

officials have come far by 'sucking up' to those above them in the hierarchy, and they are waiting for their turn. Many receive very lucrative retirement packages, even as they complain about corporate CEOs. Most of the membership realizes this and accepts it as just something they have to deal with. Many of the union officials realize that they have lost public support and that unions, especially in the private sector, are dying. Bob King, head of the UAW said this past summer that if the UAW does not find a way to organize the 'transplants,' (foreign-based auto companies in the U.S.) he doesn't see much of a future for the UAW. I agree. ■

*The original version of this story was posted online on Jan. 17. It is available with hyperlinks and more info at [www.MichCapCon.com/16292](http://www.MichCapCon.com/16292).*

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# Indiana Is a Right-to-Work State

## *What does this mean for Michigan?*

BY JACK SPENCER

Michigan now has a right-to-work state as a neighbor, as Indiana Gov. Mitch Daniels signed legislation Wednesday afternoon making his state the 23rd right-to-work state in the nation and the first in the Manufacturing Belt. Under the legislation, unions and companies cannot negotiate contracts that force employees to financially support a union as a condition of employment.



Daniels

Gov. Daniels put his signature on the measure shortly after the Indiana state Senate passed it Wednesday morning on a 28-22 vote. A

similar measure in 2011 failed when Democratic lawmakers prevented the state House from holding session by leaving the state. Subsequent polling showed that strategy to be very unpopular with the voters. This year, the Democrats could only use delaying tactics and now the legislation has become Indiana law.

Some Democratic Senators played to a gallery full of union protesters, who chanted and periodically shouted remarks, before the final vote.

"When I saw you in the hallway this morning I was proud," Sen. Greg Taylor, D-Indianapolis, said in his floor speech as he looked up at the gallery. "I stand with you as people whose rights are being trampled. Those who are voting 'yes' on this bill have created a team ... a team that doesn't want to be trampled anymore ... a team that will go to the polls ... what they (RTW supporters) have been doing is waking up a sleeping dog."

Sen. Karen Tallian, D-Portage, characterized right-to-work

supporters as a radical faction that conjured up visions of the dark lord of Star Wars lore.

"This nation has weathered these things in the past," she said. "About 100 years ago a radical faction got temperance laws passed. That turned out to be a terrible mistake. I'm old enough to remember Joseph McCarthy telling us there was a communist under every bed. It's a good thing we have people of common sense; moderate, middle of the road people who will rise up."

**"This [legislation] simply allows individuals to decide for themselves whether they want to pay union dues or not. This is about giving freedom to workers to not be involved with something they don't want to be a part of."**

**—Sen. Carl Yoder, R-Middleton**

Tallian then described those who support right-to-work as being like the evil Star Wars character Darth Vader and said "the force" would turn against them.

"There's a tremor in the force that's coming forth," she said.

Sen. Carl Yoder, R-Middleton, made the closing speech in the debate.

"This [legislation] simply allows individuals to decide for themselves whether they want to pay union dues or not," he said. "This is about giving freedom to workers to not be involved with something they don't want to be a part of."

At one or two points in his speech, Sen. Yoder addressed the protesters, who were repeatedly heckling him.

"You know; there are those who support this legislation who say, 'We would love to go down there [to the statehouse] but we don't have anybody who will pay the money to send us down.' The majority of Hoosiers support this bill."

At the end of his floor statement, Sen. Yoder informed his colleagues that a company in Northeast Indiana, which had been planning to leave for a right-to-work state, had just announced that it would now be staying and would expand.

Sen. Yoder also mentioned Michigan.

"And we've heard from a company in Michigan, that had refused to consider Indiana on its list of states [to locate in] because we weren't a right-to-work state," he said. "We're now on its list. It is now asking Indiana to participate in the bidding."

In Michigan, Gov. Rick Snyder has said that he would sign right-to-work legislation if it reached his desk, but that he won't push for it as part of his agenda. Senate Majority Leader Randy Richardville, R-Monroe, opposes right-to-work protection for Michigan employees and has said there aren't enough "yes" votes in the Senate for it to pass. Sen. Richardville's office did not respond when asked to comment for this article.

There are, however, plans to introduce right-to-work legislation in Michigan this year.

When asked about today's events in Indiana, Sen. Patrick Colbeck, R-Canton, who is expected to introduce right-to-work legislation in the Michigan



Colbeck

Senate this year, said he believes Indiana becoming a right-to-work state will have an impact on Michigan.

"It's good for Indiana and bad for Michigan," Sen. Colbeck said. "But at least some of our working youths will have shorter drives now when they come back to visit Michigan for the holidays."

Rep. Mike Shirkey, R-Clark Lake, who is expected to introduce right-to-work legislation in the House, sees the change in Indiana as something that will put pressure on Michigan to follow suit.

"We are sending Gov. Daniels a 'thank you' bouquet today," Rep. Shirkey said.

House Speaker Jase Bolger, R-Marshall, told Capitol Confidential that policymakers in Michigan should be willing to discuss and debate right-to-work legislation.

"I have been saying since the day I was sworn in as Speaker that we need to talk about difficult issues so that we can work together to resolve differences and find solutions to make Michigan a better place to find a job," Rep. Bolger said. "Debate should not be feared and responsibility should not be shirked; instead challenges should be resolved. The right-to-work debate is an important one to have so that people can discern the facts and we can determine what's best for Michigan's workers and families."

Sen. John Proos, R-St Joseph, has sponsored legislation to create right-to-work zones in Michigan. His district is along the Indiana border.

"Michigan has lost more than half of its auto industry jobs since

2002, and many of those jobs went to right-to-work states," Sen. Proos said. "The idea of right-to-work is founded in the constitutional right of freedom of association and the American ideal of the free market. This reform would allow Michigan to explore the possible benefits of freedom-to-work, while placing economic development decisions in the hands of those who will be affected most, our local communities."

"A September 2010 study by Grand Valley State University economist Hari Singh looked at data from both sides of the issue," Sen. Proos continued. "His conclusion was that if Michigan had adopted right-to-work status in 1965, the state today would have up to 60,000 more automobile industry jobs."

Rich Studley, president and CEO of the Michigan Chamber of Commerce, said his group's position is in line with that of Speaker Bolger.

"Our membership is diverse and we have no formal position on right-to-work," Studley said. "That said, we support further discussion of this issue in Michigan. We believe that, whether some people like it or not, what's happened in Indiana will create pressure in Michigan for these discussions to occur."

"We have kept in contact with the Indiana Chamber and followed this issue closely," Studley added. "We know that two years ago when Illinois balanced its budget with massive tax increases, Indiana took advantage by targeting Illinois and focusing on the differences between itself and Illinois. Now that they've become a right-to-work state, we anticipate Indiana doing something similar with Wisconsin, Illinois and Michigan." ■

*The original version of this story was posted online on Feb. 1, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/16410](http://www.MichCapCon.com/16410).*

# Union-Supported Ballot Proposal Targets Right-to-Work, Recent Reforms

## *UAW-backed constitutional amendment would prevent future workplace choice*

BY JACK SPENCER

It was billed as proposal to prevent Michigan from becoming a right-to-work state. Instead, it would put mandatory collective bargaining into the state constitution and usurp power away from elected officials.

On March 2, United Auto Workers President Bob King announced that a coalition of unions would push for an amendment to the Michigan Constitution that would prohibit right-to-work legislation.

Right-to-work prohibits labor contracts that require non-union employees to pay union dues. Currently, employees in Michigan who work under union-negotiated contracts have to pay union dues even if they don't belong to the union.

King said the unions promoting the anti-right-to-work proposal would attempt to gather 500,000 signatures — about twice as many needed — to put the proposal on Michigan's November election ballot.

However, when the ballot proposal was unveiled Tuesday, it was clearly more than just a measure designed to prevent Michigan from adopting a right-to-work law.

It appears that the proposal

would lock collective bargaining into the state constitution even for public sector employees. It would also undo many of the provisions enacted over the past year to curb collective bargaining excesses and union advantages at the bargaining table.

**“This targets just about everything they (the unions) don't like. They want to undo the results of the [2010] election. ... They can do whatever tricks they want. We're going to be talking about this in reference to right-to-work. They know they don't have the hearts and minds of the voters.”**

**—Charles Owens, state director, National Federation of Independent Business**

Graduate Student Research Assistants at universities would be considered employees and allowed to be unionized under the proposal. Michigan's enhanced emergency

manager legislation (P.A. 4), which was designed to force local governments to rein in overspending, would be quashed as well as numerous other provisions.

In addition to ending already enacted measures, the proposal would pre-empt enactment of right-to-work and other measures the Republican-controlled legislature was preparing to tackle.

“This targets just about everything they (the unions) don't like,” said Charles Owens, state director for the National Federation of Independent Business in Michigan. “They want to undo the results of the [2010] election. But we have a new poll showing that 57 percent of Michigan voters support right-to-work.”

What about the fact that the union ballot proposal doesn't even mention right-to-work?

“They can do whatever tricks they want,” Owens said. “We're going to be talking about this in reference to right-to-work. They know they don't have the hearts and minds of the voters. That's why they're being so cute about it.”



Owens

Patrick Wright, senior legal analyst for the Mackinac Center for Public Policy, said the proposal targets Michigan taxpayers' pocketbooks.

“This would allow the machinery of government to be used to finance unions,” Wright said. “It looks like the idea behind this is to give unions a perpetual funding source. It would cost Michigan taxpayers billions of dollars annually.”

One of the groups in the coalition promoting the ballot proposal is called “Protect Our Jobs.” Its website describes the reasons behind the proposal as follows:

For more than a year, Lansing politicians and corporate special interests have made one attack after another on Michigan workers: cutting middle-class families' wages,

health care benefits, retirement security and safety protections.

They're not done yet — there are more than 80 bills waiting for a vote in the state Legislature that would strip basic protections from working people.

These political attacks on basic collective bargaining rights have done nothing to put Michiganders back to work. Instead, all they've done is hurt middle-class families, small businesses and local communities. Enough is enough.

To view the full proposal, follow the link in the online article. ■

*The original version of this story was posted online on Mar. 7, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16560](http://www.MichCapCon.com/16560).*

### Contributors' Notes

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“Please use for your best use. Keep up your good work.”

“I wish I could send more!”

“I did receive a solicitation mailing but recently spent a long weekend at the H Hotel and stopped in the Center and spoke to Sharon. We asked a lot of questions that confirmed the Center is an important vehicle to protect and promote our values [so we're giving you this money].”

See Page 17 for more



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## COMMENTARY

# Mixed Messages Persist on State's Prison Spending



BY JACK  
MCHUGH

Current  
Republican  
caucuses in  
the Michigan

Legislature are generally more fiscally conservative than in previous years, but the incentives for individual members to serve the political system ahead of the people are no less strong.

Prison spending provides a useful case study.

Despite having fewer prisoners, overall prison spending is 26 percent higher than in 2000, although it has fallen a very small amount since hitting a peak in 2008. This has frustrated some lawmakers. Sen. John Proos, R-St. Joseph, chairs the Senate's appropriations subcommittee for corrections, and Mirs News reported last week he thinks such high spending "doesn't make sense" given that "the prison system losing 14 facilities and being 8,000 prisoners lighter" than seven years ago (Mirs' characterization of his words).

As Michigan Capitol Confidential reported Saturday, Proos and his colleagues are trying to change that, and in the process are exposing just how bloated and wasteful the system really is.

"We found that some prisons have up to four library staff members," Proos told Cap Con. In addition to \$5.6 million in savings from "right-sizing" prison library staff, his committee removed funding for 300 assistant resident unit supervisors, saving another \$32.1 million.

These scissors-cuts are laudable, but represent a very small portion of the \$2 billion prison budget. More important,

they do nothing to change an underlying incentive structure that encourages more spending instead of greater efficiency. Unless they change that dynamic, legislators risk finding themselves in a "whack-a-mole" match, with the politically-adroit prison bureaucracy and unions steadily replacing old bloat with new.

Which leads to another development recently reported by Cap Con, the prison guard union's success so far at stopping an effort to change those incentives, a very modest prison privatization bill in the House, where Republicans hold a 66-44 majority. It's sponsored by Rep. Jon Bumstead, R-Newaygo, who told Cap Con, "(W)hat we're seeing so far is the corrections unions and the UAW being very active on this."

In plain-English, that means right now at least eight House Republicans are actively helping the union bosses halt real reform. If this holds, it will be just the latest in a long string of prison union wins.

For example, in 2002, gubernatorial candidate Jennifer Granholm publically promised the SEIU-affiliated prison guards union she would shut down Michigan's first and only experiment in privatized prisons, a so-called "punk prison" located in Baldwin. The union later crowed in its newsletter, "Last year Governor Granholm's budget eliminated funding for the Michigan Youth Correctional Facility . . . fulfilling a promise Candidate Granholm had made to MCO."

Government employee unions fear privatization because they understand it changes the dynamics that generate ever-higher spending. More than one study has shown how having even

a small percentage of prisoners in privatized prisons generates savings throughout the system, because managers and unions in the unprivatized prisons are forced to "sharpen their pencils" in an effort to avoid the same fate.

Applying the outcomes reported by one such study to Michigan's prison system suggests that even a small amount of privatization here could save more than \$150 million.

Revealing his frustration with system-serving colleagues, Rep. Bumstead told Cap Con, "In the last election we ran on the issue of protecting taxpayer dollars and controlling costs. This legislation is something we can do now that would be keeping that promise."

At least candidate Granholm's promise to the union bosses was open and public. Some current House Republicans may have given similar promises, but secretly, and while leading voters to expect something different.

On the other side of the aisle, liberals who help artificially increase the cost of core government functions by making themselves handmaidens to rich and powerful government employee unions undermine their claims of wanting to dedicate more resources to helping those left behind in our society. ■

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## Bill Would Require CEOs Get Drug Tested If Company Gets Loans, Grants Or Tax Credits

### Bipartisan effort would mandate substance abuse testing for 'corporate welfare' recipients

BY TOM GANTERT

If the likes of Ford Chief Executive Officer Alan Mulally and Hollywood Film Producer James Cameron want tax breaks for their projects in Michigan, they may have to take a drug test to get the money if a bipartisan group of State Representatives have their way.

Rep. Tom McMillin, R-Rochester Hills, introduced House Bill 5527 on Wednesday that calls for top executives in companies to be drug tested if they receive certain tax breaks from the state. The bill currently has four co-sponsors: Pat Somerville, R-New Boston, Judson Gilbert, R-Algonac, Mike Shirkey, R-Clark Lake, and Jim Ananich, D-Flint.



McMillin

Rep. McMillin is against testing welfare recipients for drugs, but said if that plan goes through, then executives getting "corporate welfare"

also should be drug tested.

The bill is tied to the Michigan Strategic Fund, which oversees the state's film subsidies as well as the tax credits given to some of the state's biggest corporations.

The bill says that any company that gets a loan, grant or tax credit from the Michigan

Strategic Fund would have its president, CEO and anyone who reports directly to the president or CEO drug tested.

"I don't know if it will go anywhere," Rep. McMillin said. "I honestly believe this will be in the mix if we go in the direction of testing Medicaid recipients."

Rep. McMillin said he's not in favor of the state drug testing anyone who receives welfare.

"I think it is an intrusion by the government," Rep. McMillin said. "But if we are going to do one (Medicaid), we should do the other (corporate). It's handouts from the government. I think we ought to treat everyone the same if we start handing out money."

When told his bill would include Hollywood executives who want film tax credits, Rep. McMillin said it was possible top filmmakers could be included depending on what titles they held with their companies. Michigan currently provides a film subsidy of up to 32 percent of a production's payroll expenses.

"It potentially could be James Cameron," Rep. McMillin said. "I would say, potentially, yes, if they want our money." ■

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# School Districts Will Soon No Longer Be Responsible For Deducting Teacher Union Dues

## 13 Republican Legislators voted against the bill to stop the use of tax dollars for union dues withdrawal

BY JACK SPENCER

Legislation that would prohibit local school districts across the state from collecting union dues directly from employee paychecks is headed to Gov. Rick Snyder for his signature.

House Bill 4929 had been sitting in the Senate since last year and efforts in December to move it out of committee failed. But it gained traction March 7, a day after a coalition of unions announced a far-reaching proposal to lock public sector union bargaining advantages into the Michigan Constitution.

The Senate Reforms, Restructuring and Reinventing Committee added new provisions to the bill including requiring annual audits of all expenditures attributed to collective bargaining contract administration and grievance adjustments. This was added to try and determine how much of the dues that is collected is used for collective bargaining and how much is used for political activities.

The Senate committee also added a \$100,000 appropriation to the bill to pay for the audits and in doing so made the legislation referendum-proof. The Senate then passed the bill on a 20-18 vote. It passed the House 56-54. No Democrats in either chamber voted for the bill.

A spokesman for Gov. Snyder said the governor intends to sign the bill into law.

"It really prioritizes that the focus of our school administration has to be on teaching the kids," said Rep. Joe Haveman, R-Holland, the sponsor of the bill. "Let's get out of the business of collecting bills for other people."

Michigan Education Association

President Steven Cook said he thinks the passage of House Bill 4929 was in response to the union proposal.



Haveman

"I simply don't believe that it is coincidence that this legislation, which has sat for months in the Senate, passed one day after a coalition of workers stood up for themselves and launched a petition drive to place a constitutional amendment to protect collective bargaining on the November ballot," Cook was quoted as having said. "It is blatant retaliation against one group of workers who insist on standing up, making their voices heard and fighting back against the attacks on collective bargaining, public education and the middle class."

Amber McCann, spokesperson for Senate Majority Leader Randy Richardville, R-Monroe, denied that the timing of the bill's passage was linked to the union coalition's announcement of its proposal.

"The bill had existed long before they filed their petition language," McCann said. "It was something on the minds of caucus members for quite some time."

Senate Republicans who voted against the bill were Senators Tom Casperson, R-Escanaba; Bruce Caswell, R-Hillsdale; Patrick Colbeck, R-Canton; Mike Green, R-Mayville; Mike Nofs, R-Battle Creek; and John Proos, R-St Joseph.

House Republicans who voted against the bill were Representatives: Ben Glardon, R-Owosso; Joe Graves, R-Argentine Township; Kenneth Horn, R-Frankenmuth; Paul Muxlow, R-Brown City;

Earl Poleski, R-Jackson; Deb Shaughnessy, R-Charlotte; and Sharon Tyler, R-Niles.

"I do not believe taxpayer dollars should be used to fund the administration of union operations," Sen. Proos said. "I opposed this measure because it singles out the teachers and school employee unions."

"We should be requiring all unions to conduct their business without utilizing taxpayer dollars," Sen. Proos said. "This legislation fails to make this reform because it refers only to the MEA and treats one industry different than all the rest."

Sen. Colbeck agreed.

"I've been pushing for it to be applied to all public employers. That's why I submitted Senate Bill 938, which would do that," Sen. Colbeck said. "I believe our laws should apply to all, and we shouldn't make exceptions."

"The vote was a tough vote for me to take," Sen. Colbeck said. "I can assure you that I'm no friend of the MEA."

Sens. Casperson and Caswell also pointed to the fact that House Bill 4929 singled out some groups, while not impacting others as the reason they voted no.

"I voted no because I'm concerned that this just targets one group," Sen. Casperson said. "I can't

defend it if it's just for one group. If it's good for one group, it's good for all groups."

"My position is to make it be for all of them, or don't do it at all," Sen. Caswell said.

Sen. Green had a different explanation.

"I couldn't see how this was going to help the kids," Sen. Green said. "My impression was that this was more about just sticking our finger in the eyes of the MEA. I'm not a big fan of the MEA and on a lot of bills I've voted with the rest of my caucus. But I just didn't feel comfortable supporting this one."

The bill having been limited just teacher unions was also the reason Reps. Shaughnessy and Glardon said they opposed it.

**"It really prioritizes that the focus of our school administration has to be on teaching the kids. Let's get out of the business of collecting bills for other people."**

—Rep. Joe Haveman, R-Holland

"I voted no on this despite the fact that I am very disappointed with many of the actions the MEA has taken," Rep. Shaughnessy said. "If I was going to vote based on getting back at the MEA I might have voted differently. But I have a policy obligation. I wanted this to cover all of the groups, not just the teacher unions."

Rep. Glardon concurred.

"My major heartburn on this is not that I dispute the general

concept," Rep. Glardon said. "My problem with it is that it's only targeting one group instead of all public employees."

Rep. Tyler said she also had concerns about other aspects of House Bill 4929.

"There were several reasons I voted against this bill," Rep. Tyler said. "The first is that I believe it would be unfair to implement this change on only one group of state workers. If a reform such as this is to be made, I would also like to see legislation which would extend it to every state employee."

"I am also apprehensive about the \$100,000 appropriation that was included with this bill," she said. "While I am concerned about the financial burden on individual citizens, I want to make sure that the state continues to use taxpayer money in the wisest manner possible."

Rep. Muxlow said the bill didn't meet his criteria for voting yes. He also said he sensed that the motivation behind it was provocative.

"The thing I'm always looking for is how something is going to save money," Rep. Muxlow said. "I don't see where this bill would do that. I asked how much money this would save. In reply I heard things like nothing, or 25 cents and so on."

"In addition, I think it's something that was being done that was provocative. I didn't come here to be provocative." ■

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## COMMENTARY

# School Pension System Affects Everyone



BY JAMES HOHMAN

For every 17 Michigan residents, one person is collecting or will collect generous retirement benefits from the school pension system, including comprehensive health insurance and monthly annuity payments. Proposed reforms to the system — or alternatively just doing nothing — will have a substantial impact on the future of every person who lives here.

There are 445,316 current and former school employees in this enormously expensive system. The cost projected by state officials to prefund a year's worth of pension benefits for still-active employees was \$875.9 million in 2010. Employees kicked-in around 60 percent of this, and taxpayers the rest.

That's only part of the cost, however, and it's probably understated. If the state's payments on prefunding were accurate, then the state would not have an unfunded liability. An additional \$1.3 billion must be paid annually because the state ran up \$17.6 billion in unfunded liabilities.

And all that just applies to the annuity portion of the benefits. The system also provides health insurance to retirees, and practically nothing has been set aside to cover these expenses, which are disbursed on a "pay as you go" basis. Currently, \$794 million annually comes out of taxpayers' pockets to pay these expenses.

As mentioned, state legislators are considering some major reforms to the system. Among these, new hires would no longer be promised post-retirement health insurance coverage, and instead would be offered a

"defined-contribution" health savings account. (They will also all be eligible for Medicare at age 65.)

These reforms will go a long way to fixing the problem, although another generation must pass before all the employees receiving the unfunded health insurance benefits retire and eventually expire, as we all do.

The bill does not, however, fix the problem in pension benefits. The state is still on the hook to develop further substantial unfunded liabilities — the largest factor in pension contributions. The bill does not address reasons why unfunded liabilities occur; it simply shifts the responsibility between employees and employers.

Nor does the bill eliminate the unavoidable political risk inherent in government pension systems: the temptation for politicians to promise higher benefits when cash is flush and defer paying for them when it is not.

At a minimum, the state should close the "defined-benefit" system to new employees (as was done for new state employees starting back in 1997), and instead simply offer these workers 401(k)-style benefits. Among other things this would phase out the temptation for politicians to underfund its promises while offering workers benefits more in line with today's marketplace.

The enormous school employee pension system is a large part of why Michigan government employee benefits are so far out of line with those received by workers in the private sector — \$5.7 billion out of line, as of 2009. Closing the school pension system is essential to getting those benefits back in balance. ■

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## DETROIT

from Page 5

wealthiest city in America on a per capita income basis. Today, the Census Bureau reports that it is the nation's 2nd poorest major city, just "edging out" Cleveland.

Could it be pure coincidence that the decline occurred over the same period in which union power, the city government bureaucracy, taxes and business regulations all multiplied? While correlation is not causation, it is striking that the decline in per capita income is exactly what classical economists predict would occur when wage controls are imposed and taxes are increased.

Specifically, "price theory" predicts that artificially high business costs caused by excessive regulation and above-market labor compensation rates imposed by so-called "living wages" will lead to an increase in unemployment. Detroit's minimum wage is more than \$2 above the federal minimum wage; and pressure groups are pushing for more. Additionally, any company contracting with the city must pay its employees \$11.03 an hour if they offer benefits or \$13.78 an hour if they do not.

Such high wage mandates are especially hard on individuals with a poor education and low skills. If struggling and heavily taxed businesses cannot pay such high wages, then they are more selective about the few workers they do hire or simply go out of business altogether. Those who have promulgated these policies may be well-intentioned, but mainstream economists have warned for decades that such policies were very likely to bring about the abject poverty and unemployment that characterize Detroit today. The city has the highest unemployment rate among all large U.S. cities.

A similar pattern has played out in public education. It is now conventional wisdom among the political class that higher pay for teachers and increased spending

per student lead to improvements in teacher quality and student performance — Detroit Public Schools strongly suggests that this theory must be rejected. It has chronically underperformed state averages, yet reforms are vehemently opposed by the system's powerful school employee union.

At the same time that union, the Detroit Federation of Teachers, has won rich salary and benefits packages for its members. Detroit spends one of the highest amounts of money per student nationwide and the district's spending per pupil is eighth highest out of Michigan's 551 school districts. For all that, by almost any measure Detroit schools have for decades failed their students: test scores, safety, drop out rates, etc. Detroit's public school students perform among the lowest in the state. On a 2009 test for urban districts from the U.S. Department of Education, DPS students performed "barely above what one would expect simply by chance, as if the kids simply guessed at the answers."

In the private sector such failure would result in mass firings for unsatisfactory performance. No doubt such a response would be condemned by the progressives who support the school employee unions that have made similar actions impossible in their institutions, and have opposed major transformation at every turn.

For example, in 2003 philanthropist Bob Thompson offered \$200 million to build 15 charter public schools in the city in which he would guarantee a 90 percent graduation rate. In response, the DFT balked because charter schools are not unionized. The outcome was that the union jobs trumped better outcomes for children.

People vote with their feet, and all the above suggests why, over the past decade, DPS has lost about 10,000 students each year to charter, independent and suburban schools.

Of course it would be unfair

to place all the blame for the city's decline on public employee unions. Detroit is home to the Big Three, whose contracts with their own powerful unions provided the model for those public employee arrangements. The UAW successfully extracted wages and benefits estimated at \$73 per hour before the recent shake-ups began.

This is about \$25 more per hour than the amount foreign-owned U.S. auto manufacturing plants pay their non-unionized American workers. Due to this disparity, Japanese car companies earn some \$1,000 to \$2,000 more on each car sold than their American counterparts. The outcome has been a relentless loss of market share that, among other things, has devastated the economic engine that once powered Motor City prosperity.

In addition to being a model of progressive economic, labor and education policy, Detroit is also a case study in welfare statism. Tom Bray, former editorial page editor for *The Detroit News*, has made the following observation:

"Detroit, remember, was going to be the 'Model City' of Lyndon Johnson's Great Society, the shining example of what the 'fairness' of the welfare state can produce. Billions of dollars later, Detroit instead has become the model of everything that can go wrong when you hook people on the idea of something for nothing - a once-middle class city of nearly 2 million that is now a poverty-stricken city of less than 900,000."

Today, Detroit is down 25 percent over the past 10 years; to just over 700,000 and dropping fast.

Progressives will complain that this portrait oversimplifies the factors involved in a great city's decline. Perhaps it does, but with this question in mind: At what point does the weight of evidence and logic make it impossible to avoid concluding that in the case of Detroit, correlation is causation? ■

*The original version of this story was posted online on Feb. 14, 2011. It is available with hyperlinks and more info at [www.MichCapCon.com/12832](http://www.MichCapCon.com/12832).*

# 1,200 Hours To Be a Lawyer, But 2,000 To Be a Barber

## New bill would repeal haircut licensing standards

BY TOM GANTERT

Lee McGrath says a lawyer must spend 1,200 hours in the classroom to be eligible to become an attorney in Michigan. Yet, to be a barber in Michigan, someone must spend 2,000 hours in training.

McGrath, the legislative counsel at The Institute for Justice, used that example to highlight how licensing laws in the state are job killers and increase costs to consumers.

“The important thing to realize is it is the licensees who benefit from licensure,” McGrath said. “They get to raise their prices from the reduced competition. Consumers benefit much more from a competitive marketplace.”

Rep. Tom McMillin, R-Rochester, introduced House Bill 5517 which would repeal all license mandates on barber school, barber colleges and barbers. McMillin said he got the idea for the bill after Gov. Rick Snyder mentioned in his 2012 State of the State address that there were laws regulating the size of barber shops’ garbage cans.

According to the state, the application fee is \$75 and the licensing fee is \$150 per year for a barber college.

For a barbers’ license, the state said the application fee is \$20 and the licensing fee is \$30. There are 4,959 barbers licensed in the state. The barber college license statute states that they must provide 250 hours of classroom study and 1,750 hours of practical barber training for barbers.

“When it gets right down to it, somebody has to answer this for me, ‘Why should the state license barbers?’” McMillin asks.

Michigan Barber School



Licensing requirements for barbers are prohibitive.

Director Darryl Green said he was “in shock” legislation could wipe out the licensee requirements.

“It does have a lot to do with public health,” Green said. “I’m not saying we are as important as doctors, but we are the closest you can get. We are turning this into the Wild, Wild West. It’s not important? OK. I’d like to see them get a haircut in a barber shop five years from now. It will be like rolling the dice.”

McGrath said health concerns are “always the pretext for maintaining an anti-competitive law supported by licensees.”

McMillin said no one is stopping barber shops from hiring barbers that complete 2,000 hours of training. He said those that don’t may suffer the consequences of poor service.

“It’s more of a buyer-beware,” McMillin said. “If they don’t like the way they cut their hair, you can go to another barber.” ■

*The original version of this story was posted online on Apr. 16, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16782](http://www.MichCapCon.com/16782).*

## UNIVERSITY OF MICHIGAN SPENDS \$129K TO PRODUCE A DEGREE

BY TOM GANTERT

The University of Michigan at Ann Arbor has the 16th highest cost to produce a degree at a four-year public colleges in the country at \$129,206, according to data compiled by the Chronicle of Higher Education.

“That’s outrageous,” said Bill Mohr, chairman of the U.S. Taxpayers Party of Michigan. “The first question that comes to mind is, ‘Why?’ We really need to look at what that money is going for.”

The average cost of a degree in the state of Michigan was \$75,879 at

four-year public colleges, 21st highest in the country. Florida had the lowest cost at \$40,505. Washington, D.C., had the highest cost at \$154,057.

Wayne State University had the second-highest cost in the state at \$97,665. Central Michigan University had the lowest cost in Michigan at \$43,384.

The most expensive place to get a degree was Yale, which cost \$502,748.

The project included spending that was “considered to be educational in nature, either directly or indirectly,” and included “instruction, research, public

service, student services, academic support, institutional support, operations, and maintenance.”

Spokesmen for Michigan State and the University of Michigan didn’t return emails seeking comment.

MSU’s cost of \$75,739 was second-lowest in the Big Ten. Only Nebraska was lower at \$73,331.

Michael Van Beek, education policy director at the Mackinac Center for Public Policy, said a school that spends less per completed degree is more effective from a taxpayers’ perspective.

“There are a lot of colleges that get students degrees without spending as much,” Van Beek said. ■

*The original version of this story was posted online on Mar. 20, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16631](http://www.MichCapCon.com/16631).*

## Creative Arts: Exaggerated Teacher Union Claims Not Supported By The Facts

BY TOM GANTERT

Some teachers were working at poverty level. Others could be fired because they were pregnant and unmarried, or they were gay. And students were sitting on the floor without any desks.

Those are some of the charges made by teachers’ union officials since Gov. Rick Snyder took office and transformed the face of public education in Michigan.

But those charges and more were either untrue or highly unlikely to occur in what has turned into a two-year rhetoric campaign by teachers and the unions.

Michigan Education Association Spokesman Doug Pratt told MLive that the MEA has been targeted by the Republican Party that “doesn’t value public education and the middle class...”

Union leaders and some teachers, however, have made a series of comments that have warranted a closer look.

In May 2010, Warren Education Association Executive Director

Jennifer Miller was quoted at a MEA rally by a newspaper saying that there were “kids on the floor without any desks.” After Miller’s comments were published, School Board Member Brendan Wagner and Brian Walmsley, the district’s chief economic officer, said they both were not aware of that happening in the district.

Ric Hogerheide, an MEA UniServe Director, claimed that first-year teachers in the Lansing School District were paid below the poverty line. A first-year teacher with a bachelor’s degree earned \$35,741 in 2009-10. That teacher would be below the U.S. Census Bureau’s poverty level if the teacher had a family of eight.

In March 2011, the MEA sent a letter asking its members to give it the authority to call for a “work stoppage.” Teacher strikes in Michigan are illegal.

When Snyder’s cuts were released, the MEA exaggerated their costs by almost twice as much. The MEA’s Renaye Baker sent an email to union

members claiming Snyder’s cuts were at \$700-per pupil. Snyder had proposed a \$300 per-pupil reduction and extended another \$170 per-pupil cut made last year that federal dollars made up.

Michael Van Beek, education policy director for the Mackinac Center for Public Policy, said that Baker probably included increased mandatory pension contributions into that \$700-per-pupil figure, something Snyder had nothing to do with.

Some teachers wrote to the newspapers to criticize Gov. Snyder on his budget cuts.

Krista Weber, an elementary teacher at Hemmeter Elementary School in the Saginaw Township School District wrote to the Saginaw News and complained she put her “master’s degree to work dusting and vacuuming” her own room.

She said in the letter she took out a home equity loan to finance her “continuing education.” ■

*The original version of this story was posted online on Mar. 27, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16671](http://www.MichCapCon.com/16671).*

# Teachers' Union Manual Shows How to Organize Illegal Strikes, Use Children During Bargaining

**Analyst: '[MEA] has decided it is above the law'**

BY TOM GANTERT

For more than two years, the Michigan Education Association has had a manual that urges its members to use students as propaganda in contract negotiations and also lays out how to organize strikes, which are illegal in Michigan.

A 28-page manual, "Building Full Capacity Locals — Crisis Planning, It's Never Too Early To Start!" has one section that reads: "Strikes: Aren't They Illegal?" and follows with a civil disobedience quote from Mahatma Gandhi. The manual appears to have been created in July of 2009.

"What's really troubling about this publication isn't what's inside, it's right there on the cover. This organization has decided it is above the law that has empowered them so much in so many other ways," said Paul Kersey, director of labor policy at the Mackinac Center for Public Policy, in an email. "We have given them the authority to represent employees who individually may not support them, and to collect dues and agency fees from them and have them fired if they refuse. But the union does not feel it is bound by the law's prohibition of government strikes."

The manual states that the "MEA ... supports and defends its members who engage in a strike." It also says that not all job actions are strikes. It offers advice on how to pull off "Work-To-Rule" actions where employees refuse to do anything outside of what is included in their contract.

"Understand that a local is limited only by its collective imagination when it comes to specific work-to-rule actions," the manual states. "If you carefully examine your contract you will probably find a number of work-to-rule opportunities. Keep in mind, however, that you don't want to violate the contract or past practice; you want to adhere to it ... exactly!"

Doug Pratt, spokesman for the MEA, didn't respond to an email seeking comment.

One section of the manual appears to quote almost verbatim Saul Alinsky's "Rules For Radicals" — a handbook for community organizing. Alinsky's book includes: "Pick the target, freeze it, personalize it, and polarize it."

The MEA manual states: "Pick a target—personalize—and polarize the opposition."

The manual also emphasizes using children when bargaining.

"In terms of a bargaining message, the public responds most positively when we talk about children, quality in the classroom and the future," the MEA manual states. "There may come a time when it's appropriate to talk about money and benefits, but lay the groundwork first."

The manual even suggests one slogan that it claims has worked for other locals: "It's not about dollars and cents; it's about our children." ■

*The original version of this story was posted online on Jan. 24, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16353](http://www.MichCapCon.com/16353).*

# MEA'S UNDERPAID-TEACHER CLAIMS DON'T FIT WITH THE FACTS

**Union says average second-year teacher with a master's degree makes less than \$12,000 a year after deductions**

BY TOM GANTERT

The Michigan Education Association's newest strategy is to portray their teachers as underpaid while hoping no one is paying attention to the figures they are using to make their case, says one education policy expert.

"Clearly, their facts are not straight," said Michael Van Beek, education policy director at the Mackinac Center for Public Policy.

It started when Steve Cook, the MEA's president, said in a Detroit News op-ed that one teacher who contacted him was in his second year of teaching with a master's degree and made \$31,000 a year.

Michigan Capitol Confidential looked at the contracts of the lowest-paying school districts in the state and couldn't find a contract that paid a second-year teacher with a master's degree \$31,000 a year.

| STEP | BA       | BA+20    | BA+50<br>MA | MA+15    | MA+30    | MA+45<br>Ed. Sp.<br>Ed. D. |
|------|----------|----------|-------------|----------|----------|----------------------------|
| 3.5  | \$46,692 | \$49,593 | \$53,433    | \$55,173 | \$56,471 | \$57,773                   |
| 4.0  | \$48,125 | \$50,292 | \$54,845    | \$56,579 | \$57,889 | \$59,183                   |
| 4.5  | \$49,209 | \$51,380 | \$56,471    | \$58,201 | \$59,507 | \$60,805                   |
| 5.0  | \$51,380 | \$53,552 | \$58,747    | \$60,482 | \$61,787 | \$63,082                   |
| 5.5  | \$52,462 | \$54,620 | \$60,377    | \$62,111 | \$63,414 | \$64,708                   |

This is a portion of a salary-step schedule from a Michigan school district's collective bargaining agreement. Michigan Capitol Confidential consulted such charts in an effort to verify the MEAs claims. (To see more district's CBAs, visit [www.mackinac.org/10361](http://www.mackinac.org/10361).)

However, in an interview with another newspaper, Doug Pratt, the MEA's spokesman, took what Cook described as the salary of one teacher and turned that \$31,000 into the "average salary" of a second-year teacher with a master's degree.

It's hard to imagine any second-year teacher with a master's degree earning \$31,000 a year in Michigan, much less it being the statewide average. Consider that Eau Claire has the lowest average teacher's salary in the state. The Eau Claire teachers' contract states a second-year teacher with a master's degree made \$34,385 a year in 2010-11. And districts like the Troy School District

pay a second-year teacher with a master's degree \$49,132 in 2011-12.

Neither Pratt nor Cook responded to an email seeking comment.

Pratt told the Livingston Daily News that "the average second-year Michigan teacher with a master's degree currently takes home \$500 every two weeks after taxes and employee health care and pension deductions, and if he or she opts for a deduction toward child care."

In the article, Pratt is attributed with saying that current school employees pay 3.9 percent of their salary toward retirement benefits. James Hohman, a fiscal policy analyst at the Mackinac Center, said teachers contribute on a sliding scale; up to 6.4 percent of their salary to the state pension plan and are paying another 3 percent of their salary for retiree health care. They also can pay up to 20 percent for health care costs under the new state law, but many districts negotiated contracts with lower cost-sharing. For example, that Eau Claire teacher would pay 10 percent of health care costs, or about \$1,769 a year for the MESSA family plan.

Van Beek questioned Pratt's logic of including child care costs and pension contributions when talking about how much after tax money a teacher has in discretionary income.

"It (child care costs) is like adding your grocery bill," Van Beek said. "It's a cost that you incur if you have children and decide to work outside the home. It's a cost everyone incurs one way or another. If you have kids you have to take on costs to take care of them. Just like you have to eat to live, you have to buy food."

Van Beek said that pension contribution will generate a yearly pension of about \$30,000 to \$40,000 during retirement and shouldn't be considered a cost, but a savings.

"They can retire when they are 55 and have subsidized post-retirement health care benefits and have a defined-benefit pension that grows by 3 percent every year," Van Beek said. ■

*The original version of this story was posted online on Apr. 3, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16727](http://www.MichCapCon.com/16727).*

## COMMENTARY

## There's No School Retiree Health Benefit 'Entitlement'



BY JACK  
MCHUGH

According to Gongwer News, Gov. Rick Snyder will propose some

\$500 million annually of "pre-funding" for the optional health insurance benefits that are now provided to school retirees, all or most of which would come from taxpayers for the next 25 years.

Here is what voters need to know:

Unlike their monthly pension checks, the state has no legal obligation to provide these optional health benefits to future or even current school retirees. They are and have always been mere "politicians promises," subject to change or elimination with a simple majority vote in the Legislature and the signature of the governor.

During the years they were employed, neither the retirees nor their employers (us) ever contributed a single dime for this benefit. After they stop working, taxpayers pick up the entire cost. Last year it was \$795 million — money that could otherwise have gone for smaller class sizes, better roads, more police, or even something exotic like a tax cut.

The benefit is provided even though — just like the rest of us — at age 65 school employees are all eligible for Medicare, the federal health program that pays most of the health care bills for America's senior citizens.

All this raises what should be obvious questions for state policymakers:

Why are Michigan taxpayers being forced to provide an optional benefit that hardly anyone in the private sector gets? Especially to former school employees as young as 55, well below the normal retirement age.

Who decided this particular

class of Michigan residents has an "entitlement" to stop working in their 50s and force their neighbors pick up the cost of their health insurance?

Why shouldn't school employees — just like the rest of us — have to wait until age 65 to start collecting government health care benefits?

Aside from the obvious unfairness, no public policy goal is served by enabling hundreds of thousands of former school employees to collect an optional benefit for as long or longer than they spent on the job. Taxpayers shoulder this burden because politicians have and continue to serve a politically powerful special interest first.\*

\*Another headline from the same issue of Gongwer suggests why: "MEA (School Union) Targeting Vulnerable House Members With \$300K Ad Buy." At the national level, since 1989 the combined campaign spending of the two largest teacher unions has exceeded the next highest spender by more than \$10 million. ■

*The original version of this story was posted online on May 14, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16908](http://www.MichCapCon.com/16908).*

## ARE TEACHERS WITH MASTER'S DEGREES FORCED TO TAKE FOOD STAMPS?

### MEA fact check

BY TOM GANTERT

The president of the Michigan Education Association claims he talked to a teacher with a master's degree who was eligible for a Bridge card.

Steve Cook, the MEA's president, said that a teacher he talked to was in his second year and had a master's degree and made \$31,000 a year.

The problem? Publically available data of salaries for each district doesn't back Cook's claim. Cook didn't respond to an email requesting the school district that paid a full-time, second-year teacher with a master's degree \$31,000 a year.

The Michigan Association of School Boards reported in 2011 that a first-year teacher with a bachelor's degree had an average salary of \$36,798.

Michael Van Beek, education policy director of the Mackinac Center for Public Policy, looked at the five public school districts with the lowest average teacher salaries, according to the 2009-10 Michigan Department of Education Bulletin 1014.

Van Beek checked the teacher's

contracts and found salaries for second-year teachers with master's degrees ranging from \$34,385 to \$35,140. The five school districts were Eau Claire, Fennville, Colon, Climax-Scott and Mendon.

And many of those teachers won't stay at those salaries for long with step-increases included in their contracts. For example, a teacher at Eau Clair in his or her second year with a master's degree made \$34,385 and that included a 6-percent step increase from the previous year.

However, in higher paying districts, second-year teachers with a master's degree can make much more than \$31,000 a year. For instance, in Grosse Pointe, a second year teacher with a master's degree makes \$52,265. In River Rouge, that teacher makes \$50,522.

Cook wrote that, "in recent years, Lansing politicians have pushed many school employees — maybe your child's teacher — right out of the middle class and into the ranks of the working poor."

The average teacher's salary in Michigan is \$63,024, according to the Michigan Department of Education.

Cook also wrote: "When a professional with a master's degree

is eligible for a Bridge Card — Michigan's version of welfare assistance — something has gone terribly wrong."

Van Beek said salary is not the only consideration when determining someone's poverty status.

"Regardless of their base salary level, the claim that teachers are being pushed into poverty is dubious," Van Beek said. "People living in poverty don't have defined-benefit pensions, extravagant health care packages and three months paid vacation."

Cook's claim was not the first time an MEA representative has cried poor when discussing teacher's salaries.

Ric Hogerheide, an MEA UniServe director, claimed that first-year teachers in the Lansing School District were paid below the poverty level in 2011. A first-year teacher with a bachelor's degree earned \$35,741 in 2009-10. That teacher would be below the U.S. Census Bureau's poverty level if the teacher had a family of eight. ■

*The original version of this story was posted online on Apr. 2, 2012. It is available with hyperlinks and more info at [www.MichCapCon.com/16710](http://www.MichCapCon.com/16710).*

### Contributors' Notes from page 11

"I strongly believe in what you are doing."

"We enjoy the newsletters and share them with our friends. Hopefully they will feel the need to send a contribution."

"I want to pledge \$100. ... I enjoy reading Impact and your Capitol Confidential. Keep them coming. Thank you."

"I enjoyed your hospitality, and so admire the great work the Center does for all of us! Thank you!!"

*"[To Joe Lehman, President of the Mackinac Center]*  
My husband and I appreciate reading everything you're doing for our state and our country. We are both very interested in all you are doing. We are very appreciative of your work."

"I totally agree with the Center's views."

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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. ■

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# I'M JUST A BILL

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

## **HOUSE BILL 5517**

### **Repeal barber licensure mandate**

*Introduced by Rep. Tom McMillin  
(R-Rochester Hills)*

To repeal the law that prohibits an individual from earning a living as a barber unless he or she gets a state license that, among other things, requires completing a 2,000-hour course of study at a licensed barber college, paying fees, and meeting other requirements imposed by a board comprised of incumbent barbers who have received political appointments to this board. This and House Bill 5518 would also repeal licensure mandates on barber shops and barber colleges.

## **HOUSE BILL 5325**

### **Exempt residential repair trades from state licensure mandates**

*Introduced by Rep. Ray Franz  
(R-Onekama)*

To exempt individuals and contractors who do home and commercial rehabbing, and those in certain building trades, from licensure mandates currently imposed by the state (or ones that have been proposed). Homebuilders would still be subject to licensure, but those who make a living doing specified repair work would not. Individuals who rehab and sell "fixer-uppers" for a profit also would be exempt.

## **HOUSE BILL 5476**

### **Pay part of motorists' gas expense**

*Introduced by Rep. George T. Darany  
(D-Dearborn)*

To give individuals with annual incomes below \$50,000 a per-vehicle fuel subsidy of \$100, payable in the form of a "refundable" state income tax credit, and lower subsidies for higher incomes. The bill does not specify which government spending would be cut or taxes raised to provide these subsidies.

## **SENATE BILL 1035 & HOUSE BILL 5503**

### **Limit electric utility monopolies (expand competition)**

*Introduced by Sen. Arlan Meekhof (R-West Olive) and Rep. Mike Shirkey (R-Clark Lake), respectively*

To partially roll-back a 2008 law that itself mostly undid an electric utility competition law enacted in 2000. Under the 2008 law, utility companies that until 2000 were regulated monopolies got back most of their regional monopolies, except that alternative producers could provide up to 10 percent of the demand in their region. The bill would gradually raise that cap to 28 percent over three years, plus up to 3 percent more per year thereafter.

## **HOUSE BILL 5347**

### **Exempt road commissions from employee health benefit copay requirements**

*Introduced by Rep. Peter Pettalia  
(R-Presque Isle)*

To exempt county road commissions from the new law requiring government and school employees to contribute at least 20 percent toward the cost of their health insurance fringe benefits.

## **SENATE BILL 1015 & HOUSE BILL 5471**

### **Give tuition subsidies to all high school grads**

*Introduced by Sen. Rebekah Warren  
(D – East Lansing) and Rep. Marcia Hovey-Wright (D-Muskegon), respectively*

To give all Michigan high school graduates up to five years of grants covering tuition in a state college or university. Funding would come from repealing \$1.8 billion worth of current state tax deductions, exemptions and credits listed on a so-called "tax expenditures" report, which includes both targeted corporate welfare subsidies and tax breaks, and regular deductions and exemptions used by individuals and businesses. ■