



Proposal 2 Would Cost Taxpayers \$1.6 Billion Per Year, New Analysis Says

The 'Collective Bargaining' proposal initiative will be voted on in November

BY TOM GANTERT

If Proposal 2 were to pass this November, it would cost taxpayers \$1.6 billion a year in lost potential savings, according to an analysis done by the Mackinac Center for Public Policy.

An estimated \$1 billion a year of the lost savings would be due to Prop 2 superseding Gov. Rick Snyder's mandate that all public-sector employees pay at least 20 percent of their health care costs, according to the analysis done by the Mackinac Center's James Hohman and F. Vincent Vernuccio.

"Prop 2, the 'Collective Bargaining' constitutional amendment, would fundamentally change the power structure in Michigan," Vernuccio said in a release. "The increased power it would give unions

at the bargaining table could potentially cost taxpayers billions."

The analysis estimated that \$312 million a year would be shifted to taxpayers in public school employee pension reform costs and taxpayers would pick up about \$300 million annually from the loss of the privatization of school support services.

Dan Lijana, the spokesman for Protect Working Families, which supports the so-called "Collective Bargaining" amendment, didn't respond to a request for comment.

One estimate found that if Prop 2 was adopted, it could impact as many as 170 Michigan laws. But the biggest cost to taxpayers would be via health care.

For example, the Royal Oak School District paid 100 percent of its teachers'

health care premiums in 2011-12. Once a new contract is approved and all government employees pay 20 percent of their health care costs, the district can expect \$894,707 in savings.

"If it (Proposal 2) passes, the sky is the limit on future contract negotiations as well," said Charles Owens, the Michigan director of the National Federation of Independent Business. "Unions are well aware they could collectively bargain anything they want. And if they get it, there is nothing anyone can do about it, even if it is unsustainable." ■

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'It's hard to believe the union could get away with something like this'

BY JACK SPENCER

To most onlookers, the Glossops are an example of a loving family dedicated to each other.

Steven Glossop moved back in with his mom Linda four years ago after she had a stroke when she was recovering from heart surgery. She needed constant care and he knew he would provide it. When he has to run errands or go to work, he arranges for someone — often his wife — to stay with his mother.

To the Service Employees International Union, the Glossops are just another chance to make a buck.

The Glossops, by virtue of getting Medicaid money from the state, are members of the SEIU thanks to a unionization scheme orchestrated in 2005 when Jennifer Granholm was governor.

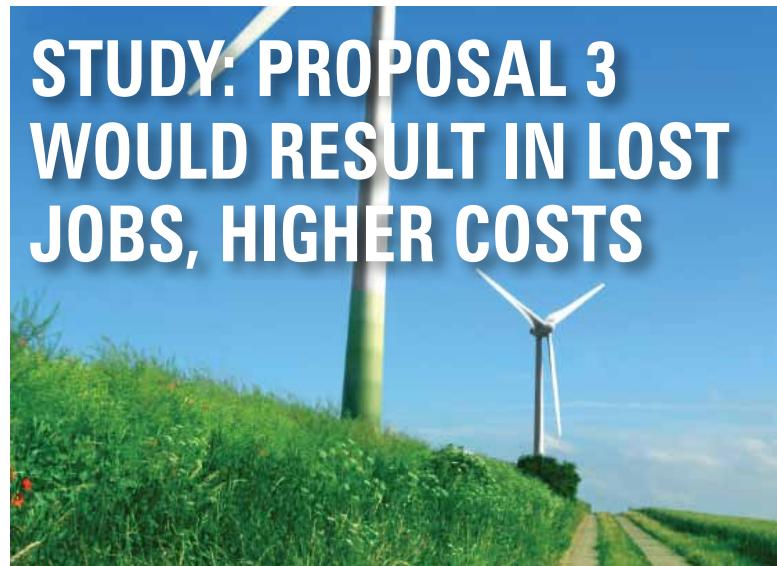
"This whole thing just gets me," Steven Glossop said. "It's hard to believe the union could get away with something like this. They (the union) can't do anything about things like working conditions. They have no idea what goes on inside our house each day. I'd say the biggest effect that being in this union has had on me is them taking money from our checks. To me, it's just thievery."

The Glossop family is one of two being represented by the Mackinac Center Legal Foundation in a case against the SEIU over unfair labor practices. The legal action asks the Michigan Employment Relations Commission (MERC) to reverse the decision that recognized the forced unionization of those workers nearly seven years ago. It also asks

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STUDY: PROPOSAL 3 WOULD RESULT IN LOST JOBS, HIGHER COSTS



BY STAFF REPORTS

Michigan would have 10,540 fewer jobs in 2025 if Proposal 3 passes in November, according to a new study on the renewable energy mandate proposal.

The study, done by the Mackinac Center for Public Policy and the Beacon Hill Institute in

Massachusetts, also concluded that Prop 3 would lower disposable income in Michigan by \$1.42 billion; reduce net investment in the state by \$147 million and impose net costs on the Michigan economy of \$2.55 billion.

"Our study also indicates that

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See "Hard to Believe," Page 12

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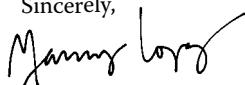
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'Collective Bargaining' Proposal Would Protect the 3 Percent at the Expense of the 97 Percent



BY JOSEPH G. LEHMAN

Editor's note: The following is adapted from comments Mackinac Center

President Joseph G. Lehman delivered at the Detroit Regional Chamber of Commerce's Mackinac Island Policy Conference on May 31, 2012.

The "Collective Bargaining" initiative, or Proposal 2, is a radical constitutional amendment that makes government unions more powerful than the Legislature, allowing them to set public policy in secret negotiations with their employer that lawmakers would be powerless to override.

Not only would this amendment lock in place collective bargaining laws for the public sector that are a burden on taxpayers, it would undo reforms such as the emergency manager law, requirements for government employees to pay a fair share toward their own health care costs and changes to teacher tenure laws that prohibit personnel decisions based solely on seniority.

If passed, it will drive up the cost of government services without making them any better and set up a rigged game designed to benefit a select few. It's the kind of thing Michigan voters and courts have already rejected repeatedly.

Consider these three numbers: 49, 3 percent and three.

Forty-nine is the number of states that will stay ahead of Michigan economically or surpass us if the amendment wins.

Prop 2 makes unionized government a constitutional mandate. But it doesn't stop there — it also explicitly nullifies

all past and future laws related to collective bargaining, except those related to strikes.

We can't estimate the total cost of the amendment yet. But it's clear that at least \$1.4 billion of the savings the Legislature produced last year would vanish instantly.

Michigan lagged 49 other states in economic performance for about a decade. This amendment would likely put us there again

The next number is 3 percent. This amendment rigs the game in favor of the 3 percent of

This amendment rigs the game in favor of the 3 percent of Michigan's population who work in unionized government at the state, local or school levels.

Michigan's population who work in unionized government at the state, local or school levels. It's only impact on the middle class is that they get to pay more so the 3 percent can shield themselves from the economic world of the 97 percent. Public-sector pay and rich benefits can keep going up while private-sector compensation stagnates.

And the amendment won't help union workers at private companies because their labor rules are set by federal law. New companies won't want to move here either if the amendment keeps us from becoming a right-to-work state.

The last number is three. That is the number of times in the last decade voters or courts rejected similar schemes pushed by unions to rig the game in their favor.

Fifty-four percent of voters refused to carve collective bargaining into the state Constitution in 2002. Sixty-two percent of voters refused to mandate automatic annual increases in school costs in 2006, most of which would have gone to unionized workers.

In 2010, the courts rejected the Reform Michigan Government Now amendment after the Mackinac Center found the UAW's secret PowerPoint whose title explained their true purpose: "Changing the rules of politics in Michigan to help Democrats."

That's three failed attempts to rig the game, already.

Unionized government ensnares people who don't even work for government. One union tried to claim home-based day care owners were government workers, and started taking dues from them. Some \$4 million was taken before the scheme ended after an 18-month court battle led by the Mackinac Center Legal Foundation. And the SEIU is still skimming \$30 million and counting from people, including parents, who care for their disabled children at home with Medicaid assistance.

Prop 2 would make abuses like these more likely and much harder to undo. It's a radical plan to rig the game in favor of the 3 percent, which makes it inherently unfair, and voters may have the chance to reject this kind of thing for the fourth time come November. ■

Joseph G. Lehman is president of the Mackinac Center for Public Policy. The original version of this story was posted online on July 9, 2012. It is available with hyperlinks and more info at www.mackinac.org/17205.

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Proposal 1 A Referendum on the Emergency Manager Law

Emergency Managers Are Bad, Bankruptcy Far Worse

Ballot proposal would end some cities' best option at fiscal survival

BY JARRETT SKORUP

Michigan's recently beefed-up "emergency manager" law gives broad powers to a state appointee if a local government or school district fails its citizens financially in one of 18 explicit ways.

Assuming a referendum passes a legal challenge and makes it to the ballot, citizens will vote in November on whether to keep or overturn this law.

Before an emergency manager is appointed, a city or school district must have created an astounding fiscal mess. For all the controversy surrounding the law, only seven EMs have been appointed. Without their EM's "house cleaning," most of these cities and school districts would probably be headed for bankruptcy court, where judges have vastly more power than any emergency manager.

Around the country there are a growing number of painful examples when there is no effective law in place to address a local government's fiscal crisis.

For example, Stockton, Calif., just became the third municipal bankruptcy in the state's history. Prior to officially declaring Chapter 9, the city cut its police force by 25 percent, cut its fire department by 30 percent and reduced pay for all public employees by over 20 percent. Eventually, it stopped paying its vendors, and it will shortly not be able to make payroll for anyone.



Central Falls, R.I., entered bankruptcy proceedings and slashed the pensions of current retired public employees by 34 percent. This was after property and car taxes were increased 20 percent. Meanwhile, city officials report that nearly half of the town's homes are boarded-up.

Scranton, Pa., might be the best example for why local government entities should avoid bankruptcy. The state's sixth most populous city is down to its last \$5,000 and has slashed the wages of its employees — from the mayor on down — to minimum wage. The mayor is also looking to raise taxes on Scranton citizens by 78 percent over the next three years.

Paying more for fewer employees and worse services is the price of fiscal malpractice in local governments. Opponents of the emergency manager law loudly blow "local control" trumpets. They ignored the reality that powerful special interest groups, which get their money from city workers and use it to lobby local politicians, have created corrupt

systems immune to home-grown reform efforts. Witness Detroit, once one of the largest and richest cities in the world, now become the case study of a municipal "death spiral."

When forced to choose between an emergency manager and a federal bankruptcy judge, local citizens and government employees should be grateful for the option of getting the former. ■

The original version of this story was posted online on July 11, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17222.



COMMENTARY

What the Emergency Manager Referendum Is About



BY JAMES HOHMAN

Supporters of the referendum on the emergency manager law believe

that if Public Act 4 is repealed, the state will not be able to appoint receivers to control fiscally distressed local governments. They are wrong.

Instead, voters are choosing whether to support the current emergency manager law, or whether to revert to the state's older emergency financial manager law. This is also the opinion of the Michigan attorney general.

The idea of a referendum is to make sure that voters actually support a piece of recently passed legislation. Thus, it nullifies a legislative action. Voting "yes" on the referendum keeps the law, while voting "no" stops the action.

PA 4, the emergency manager law, was signed in 2011 and repealed Public Act 72 of 1990, the emergency financial manager law. If PA 4 is repealed, that would automatically put PA 72 back in place.

This nullification is evident the last time a law was repealed via referendum. The state had passed a law providing for straight-ticket voting, meaning that voters could check a single box and vote for all of the members of their party automatically. This law was nullified handily in a referendum. But the referendum didn't get rid of the previous statutes overseeing voting, just the law that had been passed.

Thus, the emergency manager referendum is a choice between emergency managers or emergency financial managers. While there

are a number of fixes to the old law and some increased powers given to the emergency manager, the main difference between an EM and an EFM is in labor relations. Emergency managers are not required to negotiate with the local government's unions, (though as a practical matter they still do). In addition, the emergency manager may request that the state treasurer amend a union contract term if it is a reasonable and necessary fix to the government's financial problems.

These are important powers to a government facing a financial emergency. Labor costs are the primary expense in most local governments, and Michigan's municipalities and school districts are highly unionized. Loosening negotiating rules and being able to amend these agreements is an important power for local managers to quickly fix a financial emergency.

Indeed, amendments in Flint, Pontiac and the Detroit Public Schools have saved taxpayers \$100 million.

If supporters wanted to get rid of emergency managers as a whole, they could propose a ballot initiative that prohibits the policy instead of a referendum that resurrects the old law.

Voters are being lied to when told by repeal proponents that this is about local vs. state control. This is a vote about whether emergency managers get the tools to fix a financial emergency. ■

James M. Hohman is assistant director of fiscal policy at the Mackinac Center for Public Policy. The original version of this story was posted online on Sept. 11, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17500.

PROPOSAL 1

Before Emergency Manager, Pontiac Had 87 Different Health Plans

One plan for all government unions will save taxpayers millions, eliminate bureaucratic mess

BY JACK SPENCER

Talk about bureaucratic red tape. Try dealing with 87 different government union health insurance plans.

That was one of the headaches Lou Schimmel faced when he became emergency manager for the city of Pontiac. The city now has one plan and will save millions by consolidating, which would have been nearly impossible without the state's emergency manager law.

"Every union had their own negotiated health plan with either no or low deductibles and co-pays," said John Naglick, Pontiac's finance director. "These plans had been negotiated over the years. An employee who retired under a certain health plan expected to be covered by it."

Emergency managers have been appointed in Michigan municipalities and school districts that operate under deficits and have lost control of their finances. Schimmel was the third

emergency manager for Pontiac. But when Schimmel took over, he had a new tool at his disposal that gave him the authority he needed to really cut costs.

In early 2011, Gov. Rick Snyder signed Public Act 4, an enhanced emergency manager law, that allowed for the setting aside of labor contracts.

"Lou said to the employees, 'I'll give you one common sense health plan,'" Naglick said. "He consolidated the 87 health plans into one. It was a very reasonable

plan, with a \$750 deductible."

Schimmel completed the consolidation of the health plans in April 2012. The city stands to benefit financially because many of the previous plans had little or no deductible.

"We couldn't have done this without PA 4," Schimmel said.

But some still think the emergency manager law is bad for local governments. A referendum to repeal the law is going to be on the Nov. 6 ballot. A "yes" vote keeps the law in place; a "no" vote will end it.

Consolidating the 87 health care plans into one also saved Pontiac money in less obvious ways, said Joseph Sobota, a key member of Schimmel's emergency manager team.

"Under many of the union

contracts, if employees and those in retirement had a spouse employed somewhere else that had health care coverage, they could choose between keeping the plan they had with the city or leaving it and being covered by their spouse's plan," Sobota said. "But when they were paying almost nothing under the plan they had with the city, why would they have even considered changing?"

"Now we're seeing some of those people switching to their spouse's plans," Sobota said. "That's saving dollars for city taxpayers going forward." ■

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COMMENTARY

EMERGENCY MANAGERS: A DISTASTEFUL NECESSITY

BY F. VINCENT VERNUCCIO

Yet another ballot measure this fall seeks to undo reforms that are saving distressed cities and school districts on the verge of bankruptcy.

Not wanting to put all their eggs in one basket, government unions are backing two proposals which would repeal Public Act 4, the Local Government and School District Financial Accountability Act known as the "emergency manager's amendment."

The most radical is the "Collective Bargaining" amendment, which would overturn legislation like PA 4 by making government union collective bargaining agreements have the power of the constitution.

Just in case voters are not ready to give union bosses veto power over past and future laws, unions, through a group called the "Stand Up for

Democracy Coalition," are also backing a separate referendum to directly repeal PA 4.

PA 4 expanded the power of emergency managers to include the ability to amend government union collective bargaining agreements.

Under the law, managers have the ability to reorganize a locality's government, modify or terminate municipal and school board contracts, override school board decisions, take remedial action to oversee local pensions funded below 80 percent, submit contracts over \$50,000 to competitive bidding and eliminate the salary and benefits of administrative officials — the ones who created the problem in the first place.

These powers are far reaching, but are done as a last resort. PA 4 outlines early warning and review procedures before the governor can appoint an emergency manager. A municipality or school district

needs to be in dire straits before such drastic action is taken.

It is true that emergency managers can, temporarily, overrule local elected officials, but that may be the only way to keep Michigan from becoming California. California's unsustainable labor obligations caused cities like Vallejo and most recently Stockton to declare bankruptcy.

Before entering Chapter 9 (the part of the federal bankruptcy code which applies to municipal bankruptcies), Stockton's fiscal problems forced the city to cut 25 percent of its police force and 30 percent of its fire department. The city also had to reduce pay for all of its workers by 20 percent.

In the end, the city could not even pay its vendors or make payroll.

The city cut services by so much that officials said "public safety is at a crisis level." This could be one of the reasons Stockton's unemployment was almost double the national aver-

age at 15.4 percent in June.

Voters in Michigan are learning from Stockton and recognizing the distasteful necessity of emergency managers.

A June poll conducted by Foster, McCollum, White and Associates, "found that 35.32% of Michigan respondents would vote to maintain Public Act 4 and only 27.30% would vote to repeal it."

The numbers were similar across Wayne County, which is most affected by PA 4, where 36 percent of registered voters want to keep the law and only 31 percent of those surveyed want it repealed.

Detroit City Council President Pro Tem Gary Brown told the Detroit Free Press that the reason that PA 4 is not seeing a groundswell of opposition, even in his city, is because "Many Detroiters don't care who gets the lights on. They just want their quality of life to improve."

Brown predicted that in November he "wouldn't be surprised if it's put on the ballot, and it's rejected."

Another poll commissioned by the Business Leaders for Michigan of residents in Benton Harbor, Ecorse,

Flint and Pontiac — all of which have emergency managers — showed that the respondents did not like the idea of having a manager but felt that they were making improvements and their municipalities would be better off in a year.

Public Act 4 and the emergency managers are not ideal in a perfect world, but Michigan's current economic situation is far from perfect. Years of mismanagement and cozy relationships between elected officials and government unions have brought many municipalities past the point of normal reform.

Voters are justifiably wary of the abilities given to these managers, but at the same time know those powers are necessary. Emergency managers are already showing they can improve situations previously thought to be impossible. It will be up to voters to decide if the benefits of the law outweigh the negatives. ■

F. Vincent Vernuccio is director of labor policy for the Mackinac Center for Public Policy. The original version of this story was posted online on Aug. 6, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17330.

MIballot2012.org

The Mackinac Center and Michigan Capitol Confidential have compiled analysis and commentary on proposals that will appear on the statewide ballot in November. The chart below summarizes the six proposals in a quick, one-stop guide. Also, on the following pages is a selection of articles detailing the potential effects of the proposed initiatives. Visit MIballot2012.org for more information about these important issues.



Michigan Ballot Proposals

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	PROPOSAL	WHAT IT WOULD DO	MAIN SUPPORTERS	MAIN OPPONENTS	WHAT VOTE MEANS	
Prop 1	A referendum on Public Act 4 of 2011 — The Emergency Manager Law MIballot2012.org/prop1	<ul style="list-style-type: none"> Determine if Michigan's emergency manager law should be kept 	Gov. Rick Snyder, Michigan Chamber of Commerce	Supporters of eliminating the law: AFSCME, government and private-sector unions	YES Keeps the emergency manager law in place	NO Eliminates the emergency manager law
Prop 2	A proposal to amend the state constitution regarding collective bargaining MIballot2012.org/prop2	<ul style="list-style-type: none"> Enshrine collective bargaining in the state constitution for government and private-sector unions Allow government union contracts to override laws passed by the Legislature Prohibit the Legislature from adopting a right-to-work law Override at least 170 current laws Cost taxpayers at least \$1.6 billion a year in lost savings 	UAW, MEA, AFL-CIO; other government and private-sector unions	Gov. Rick Snyder, Michigan Chamber of Commerce; coalition of state businesses, Detroit News	YES Allows government unions to overrule laws made by elected representatives; prevents right-to-work law	NO Changes nothing. Government unions would continue to keep all privileges they currently have
Prop 3	A proposal to amend the state constitution to establish a standard for renewable energy MIballot2012.org/prop3	<ul style="list-style-type: none"> Mandate that electric utilities provide at least 25% of their annual retail sales of electricity from renewable sources by 2025 Require the construction of between 2,300 and 3,900 windmills in the state, up from 290 today Lower disposable income in Michigan by \$1.42 billion; reduce net investment in the state by \$147 million and impose net costs on the state's economy of \$2.55 billion Result in the loss of 10,000-plus jobs 	Environmental activist groups, windmill manufacturers, out-of-state special interest groups	Gov. Rick Snyder, state energy companies, Michigan Chamber of Commerce, coalition of individuals and businesses, Detroit News	YES Means energy companies in the state will be required to provide 25% of their electricity from windmills, solar and other renewable energy sources by 2025	NO Retains status quo, which mandates 10% of annual retail sales of electricity come from renewable sources by 2015
Prop 4	A proposal to amend the state constitution to establish the Michigan Quality Home Care Council and provide collective bargaining for home-based caregivers MIballot2012.org/prop4	<ul style="list-style-type: none"> Guarantee that the Service Employees International Union or another government union could lock a forced unionization of home-based caregivers into the state constitution and take about \$6 million a year in dues from the Medicaid checks of the disabled and elderly in the state, most of whom are being taken care of by family and friends 	Service Employees International Union (SEIU)	Gov. Rick Snyder, Michigan Chamber of Commerce, coalition of business groups and individuals in the state, Detroit News, Lansing State Journal, Michigan Legislature	YES Means the SEIU would have its forced unionization scheme locked into the state constitution	NO Changes nothing. Federal program that provides for in-home care remains unchanged. Criminal background checks can continue
Prop 5	A proposal to amend the state constitution to limit the enactment of new taxes by state government MIballot2012.org/prop5	<ul style="list-style-type: none"> Mandate a 2/3 majority vote of the State House and the State Senate, or a statewide vote before new or additional taxes can be imposed — does not limit or modify tax limitations already in the state constitution Limit the ability of the Legislature to raise taxes by increasing the vote threshold necessary for passage Prop 5 could also make positive tax reforms harder by mandating a 2/3 vote even if the net effect is a tax cut Would also require 2/3 approval for a net tax cut if it raises one tax to partially offset lowering another 	Americans For Prosperity, Michigan Alliance for Prosperity, NFIB, Liberty Bell Group, Ambassador Bridge owner Manuel "Matty" Moroun, Oakland County Sheriff Mike Bouchard	Gov. Rick Snyder, Michigan Chamber of Commerce, coalition of businesses and individuals in the state, Detroit News, Detroit Free Press	YES Requires a 2/3 vote of the Legislature to approve new or additional taxes, or a vote of the people to do the same	NO Retains status quo
Prop 6	A proposal to amend the state constitution regarding construction of international bridges and tunnels MIballot2012.org/prop6	<ul style="list-style-type: none"> Require the approval of a majority of voters at a statewide election and in each municipality where "new international bridges or tunnels for motor vehicles" are to be located before the State of Michigan may expend state funds or resources for acquiring land, designing, soliciting bids for, constructing, financing or promoting new international bridges or tunnels 	The People Should Decide, Ambassador Bridge owner Manuel "Matty" Moroun	Gov. Rick Snyder, Michigan Chamber of Commerce, Detroit News	YES Requires that voters approve any new international bridge or tunnel for motor vehicles	NO Retains status quo

Proposal 2 The 'Collective Bargaining' Amendment

COMMENTARY

Proposal 2 Would Make Union Bosses the Most Powerful People in Michigan



BY F. VINCENT VERNUCCIO

Of the multitude of proposals scheduled for the ballot in November, the “Collective Bargaining” amendment is by far the most radical and far-reaching. Proposal 2 would fundamentally change the power structure in Michigan by giving government union bosses the ability to overturn laws, making them more powerful than elected representatives.

The proposed amendment states: “No existing or future law of the state or its political subdivisions shall abridge, impair or limit the foregoing rights.” This means that the so-called rights in the amendment could undo current and prevent future laws.

Prop 2 enshrines unionization for both government and private-sector employees into the Michigan Constitution. In the private sector the issue is straightforward. The amendment would prevent any future law which gives workers the right to say no to a union and still keep their jobs — otherwise known as a right-to-work law.

The issue gets muddled for government unions. From Lansing to

counties, cities and school districts across the state, elected officials make laws and set policy controlling work rules, wages and benefits for public employees. These elected officials are responsible to voters and, in theory, should act in the interest of taxpayers.

Prop 2 would make their decisions moot because any collective bargaining agreement with government unions would have the power of the constitution and overrule state and local law.

The consequences are far reaching. Labor bosses, acting as a super-legislature, would have the ability to repeal many of the reforms that have helped Michigan start to turn the corner after a decade of malaise. Elected representatives would be powerless to stop them. Unions would have a veto for laws, but unlike the governor they could veto legislation enacted years ago and no legislature could override them with a two-thirds vote.

Examples of the vast number of laws and reforms Prop 2 could effectively repeal include:

- Almost anything in the Public Employment Relations Act not specified in the state constitution.
- Laws that require public employees to contribute to

their pensions and the 80/20 law which requires taxpayer pay no more than 80 percent for government employee healthcare premiums. Repealing 80/20 alone could cost more than \$500 million annually.

If union overreach through constitutional ballot amendments seems familiar, that is because it has been tried before — unsuccessfully.

- The Freedom of Information Act and Open Meetings Act could be curtailed by collective bargaining agreements. Even the laws making those agreements public could be repealed.
- Public school reforms such as privatization for non-instructional services could vanish.
- Performance-based reforms to teacher tenure laws that prevent hiring and firing of teachers based solely on seniority could be stricken by collective bargaining agreements.
- Binding arbitration laws where public safety officers, who are forbidden to strike, rely on arbitrators to decide contracts when negotiations are at an

impasse would be repealed.

If union overreach through constitutional ballot amendments seems familiar, that is because it has been tried before — unsuccessfully.

In 2002, 54 percent of voters defeated an amendment putting collective bargaining into the Michigan Constitution. Similarly in 2006, 62 percent of voters said no to an attempted constitutional mandate for automatic annual increases in school funding, the majority of which would have gone to unionized employees.

Finally, in 2010, the courts threw out a proposed amendment called Reform Michigan Government Now. It was turned down thanks in large part to a UAW PowerPoint on the amendment, discovered by the Mackinac Center, titled “Changing the rules of politics in Michigan to help Democrats.”

An amendment enshrining privileges for unionized government employees would benefit about 3 percent of Michigan’s population — in reality, the main benefit will be to the union bosses representing the 3 percent — but be paid for by everyone else. ■

The original version of this story was posted online on Aug. 6, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17329.

COMMENTARY

What Would 'Collective Bargaining' Actually Do?



BY MICHAEL J. REITZ

The Wall Street Journal says Michigan is the new battlefield

in organized labor’s national campaign to preserve political power. In a Labor Day editorial, The Journal discussed the so-called “Collective Bargaining” amendment that would enshrine collective bargaining in the Michigan Constitution. The editorial reflected the work of Mackinac Center analysts, noting the effect of the proposal: “The amendment would reduce the ability of Michigan lawmakers to change labor laws and end-run efforts to give workers a choice about whether to join a union.” The Journal also noted that organized labor hopes to invalidate and ban other meaningful reforms with passage of the amendment.

This editorial confirms what Mackinac Center experts have been saying for months: the “Collective Bargaining” amendment is part of a national effort by organized labor to reverse a long decline in union membership. Union officials realize that if they cannot recruit members by offering a desired service, union power can only be preserved by enshrining a monopoly in the law. ■

Michael J. Reitz is executive vice president of the Mackinac Center for Public Policy. The original version of this story was posted online on Sept. 7, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17491.

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PROPOSAL 2

Proposal 2 Supporters Change Name

BY DAN ARMSTRONG

What's in a name? Plenty if you're Proposal 2.

The unions behind the proposal to change the state constitution officially changed the initiative's title from "Protect Our Jobs" to "Protect Working Families."

To try and pass the ballot initiative, those behind it must sell it to the public as something beneficial. Perhaps the union-backed "Protect Our Jobs" did not have the same ring as "Protect Working Families."

We know Prop 2 would apply mostly to government unions that represent 3 percent of Michigan's

population. "Our Jobs" must have sounded too exclusive. "Working families" has broader appeal even if the ballot proposal still does not reach a broader audience.

Dan Lijana, spokesman for the group told The Detroit News: "The bottom line is working families are the people under attack from corporate special interests and Lansing politicians and that's who this campaign protects. We're talking about firefighters, nurses, teachers. Those are the people that we're talking about here."

F. Vincent Vernuccio, director of Labor Policy at the Mackinac Center for Public Policy says, "No amount of window-dressing can

change the fact that this would change the power structure in Michigan and allow union contracts to overrule laws passed by elected representatives."

Some of those laws include many cost-savings measures that tally more than \$1.6 billion a year, which would be lost to taxpayers under Prop 2.

"The fact that they're changing their name shows there's a stigma with the old name, but the real stigma is what this will do," Vernuccio said. ■

The original version of this story was posted online on Sept. 18, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17551.

COMMENTARY

The 'Collective Bargaining' Amendment Could Increase Gov't Secrecy



BY MICHAEL D. LAFAIVE

The Michigan Supreme Court approved placing an initiative known as the "Collective Bargaining" amendment on the Nov. 6 ballot, where it's labeled as "Proposal 2." If adopted, the measure would impact laws overseeing government union contracts, which would in effect become like mini constitutional conventions, trumping statutes passed by the Legislature and signed by the governor.

Private-sector unions would be affected, too, but most notably as it relates to making a right-to-work law all but impossible in Michigan.

Among other effects, the initiative could gut the Freedom of Information Act passed here in 1976 in the wake of the Watergate scandal, and restrict the public's access to information on the workings of government agencies. The FOIA establishes that the public has the right to view or get copies of government documents, subject to some exceptions like personal information.

Under Prop 2, nothing would prohibit state or local government officials from signing a union labor contract that prohibits disclosing information otherwise required by FOIA. They could even make the collective bargaining agreement itself subject to government secrecy, and the legislature would be helpless to halt the process.

Indeed, some local officials might be tempted

to whisper to local union officials that they should request such information-limiting contract provisions. It is not hard to envision that some policy related quid pro quo benefiting the union and its members might be offered to get that limit into an agreement, and probably at the expense of taxpayers.

This may seem far-fetched to some, but not to experienced journalists, most of whom have encountered government officials' resistance to perfectly legitimate requests for documents. While FOIA is an invaluable tool for reformers, journalists, researchers like Mackinac Center scholars and just plain folks seeking information on the actions of government, officials often go to great lengths to deny information citizens are legally entitled to view. (For a first-hand account of such intransigence see "MEGA, the MEDC and the Loss of Sunshine," available on the Mackinac Center website.)

Adopting Prop 2 may make discovering what government agencies and personnel are up to next to impossible.

Gutting the FOIA is just one example of the breathtaking scope of this union power grab.

Many other laws leveling the playing field between citizens and government officials could also be at risk. Access to information that exposes government actions may be just the first casualty in this constitutional war between government employee unions and the people. ■

The original version of this story was posted online on Sept. 6, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17492.

'Collective Bargaining' Amendment Would End Binding Arbitration

Police and fire union contracts would no longer be decided by arbitrary third party

BY TOM GANTERT

The "Collective Bargaining" ballot proposal, or Proposal 2, seeks to change the state constitution with union-friendly provisions would eliminate a big negotiation tool for public safety unions, according to a Mackinac Center for Public Policy analysis.

If passed, Prop 2 would end the practice of binding arbitration. Police and firefighters can't go on strike nor would they have the right to go to an arbitrator during contractual impasses.

The Mackinac Center thinks it would end binding arbitration, which is also known as Public Act 312. Ending binding arbitration would benefit taxpayers significantly, according to Mackinac Center research. Michigan has considered legislation in the past that would end binding arbitration.

The key section of the proposed constitution-changing amendment is Article I, Section 28, which states: "... to bargain collectively is to perform the mutual obligation of the employer and the exclusive representative of the employees to negotiate in good faith regarding wages, hours, and other terms and conditions of employment and to execute and comply with any agreement reached; *but this obligation does not compel either party to agree to a proposal or make a concession.*" (emphasis added)

"The radical provisions in 'Collective Bargaining' would devastate Michigan's economy," said F. Vincent Vernuccio, labor policy director at the Mackinac Center. "However the one thing the drafters of the

amendment, perhaps inadvertently, got correct is banning the binding arbitration provision in PA 312. No longer will unelected bureaucrats write final contracts putting taxpayer on the hook for millions."

City officials have said in the past that arbitrators don't take into consideration the city's ability to pay when making a decision.

In 2009, the city of Ann Arbor faced an \$8 million deficit over two years. Then an arbitrator ruled that the city would have to pay police retroactive pay raises dating back to 2006, costing the city another \$1.5 million.

In 2006, an arbitrator ruled that the city of Flint must pay Police Sergeants Union members bonuses totaling \$7,350 a piece. Some police sergeants saw their base salary increase 14 percent. All members received additional 2.5 percent increases in each of the two years of the contract. Union contracts played a part in Flint's financial problems. In 2006, Flint had a \$5.9 million surplus, but was \$48.1 million in the red just four years later.

Samantha Harkins, director of state affairs for the Michigan Municipal League, said they were still reviewing the amendment and had no comment.

Dan Lijana, spokesman for the "Collective Bargaining" amendment, and Ed Jacques, a legislative assistant with the Police Officers Association of Michigan, didn't return emails or phone messages seeking comment. ■

The original version of this story was posted online on Sept. 1, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17469.

PROPOSAL 2

Commentary: Labor Bosses' Vision of Collective Bargaining Hurts Workers, Society

Union plans will force Michigan to have to hang 'Closed for Business' signs



BY TERRY BOWMAN

One of the most important ballot proposals in Michigan's history

will be before us in November.

Union officials want voters to give them constitutional power over our elected officials to guarantee their privilege to collectively bargain. If passed, it would give union bosses more power than our elected legislators and governor, and give union bosses the ability to make economic decisions based on their agenda. It also would ban right-to-work legislation in Michigan. Right-to-work laws give workers the freedom to choose whether they want to be in a union and pay dues or special fees for union representation.

But what is so great about collective bargaining?

Collective bargaining is a term coined in 1891 by European socialist Beatrice Webb. Webb was a communist sympathizer, author of "Soviet Communism: A New Civilisation?" and member of the Fabian Society, a group of European socialists.

As a pro-union UAW member who happens to be a realist, I have a different view of collective bargaining than most union officials.

The idea that you can equally serve the needs of large numbers of employees by negotiating terms of employment en masse ignores basic rights and crushes a person's individualistic spirit. Union officials want to categorize workers

as drone bees in a hive, but we each have differing abilities and strengths, hopes and dreams, and wants and needs that collective bargaining cannot hope to address.

Collective bargaining steals away distinctiveness and strips workers of basic human dignity because it essentially tells workers that they are no better or worse than anyone else.

In other words, it is Marxist in nature, which is anti-American.

The heart of the problem is that collective bargaining restrains the earning potential of the good employee while protecting and even rewarding the unproductive behavior of a bad employee.

It also eliminates a person's ability to financially benefit from excelling at their job. Collective bargaining creates a wage-ceiling that no employee under the contract can exceed. The incentive to excel is thus bargained away.

The heart of the problem is that collective bargaining restrains the earning potential of the good employee while protecting and even rewarding the unproductive behavior of a bad employee.

It demands that everyone receive equal pay — no matter a person's effort, ability or merit. Ignoring these three crucial qualities and paying every worker the same is unethical and unfair.

Collective bargaining is a disincentive to a productive

workplace because it rewards those workers who only do enough to avoid getting fired, and discourages people who work hard and try to excel above their fellow workers. It destroys employee competition, which is essential in creating a winning atmosphere.

Workers deserve more than being pigeonholed into a salary just because they are part of a large group. Forcing employers to pay top wages for an unproductive employee is no less than blackmail, and it destroys an outstanding worker's incentive to improve.

For these reasons and more, collective bargaining rules must be changed immediately.

Salary must not be based on a single amount for all who fall within a classification, but should be based on effort, ability and merit. It is immoral to do anything less.

Unless collective bargaining is reformed to compensate exceptional employees and to financially punish unproductive workers, most Americans and businesses will continue to turn their back on union policies.

It is such a disincentive that if we give union bosses economic control of Michigan in November, we will have to replace the "Welcome to Pure Michigan" signs that greet drivers entering our state to say instead: "Closed for Business." ■

Terry Bowman is a UAW member and the president of Union Conservatives Inc., a 501(c)4 non-profit organization. The original version of this story was posted online on Sept. 3, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17461.

COMMENTARY

Unions Ducking the Truth With Proposal 2 Ad

Excessive union contracts have bankrupted cities, school districts



BY MANNY LOPEZ

It is telling that backers of a plan to change the state constitution to

benefit unions at the expense of taxpayers are focusing on what the amendment won't do — rather than what it will do.

In a television ad, supporters of the so-called "Collective Bargaining" amendment in essence tell viewers that Proposal 2 is a harmless plan even though it will fundamentally change the state's constitution.

Prop 2 supporters don't want voters to know that if it passes, more than 170 laws in Michigan could be altered or eliminated, including many that have collectively saved taxpayers billions of dollars.

They don't want people to know that Prop 2 would benefit only union workers in Michigan — and their well-paid bosses — with a particular boost to government union workers whose paychecks come out of ours.

They don't want people to know that Prop 2 would take away worker freedoms by making it impossible to become a right-to-work state, which allows workers to choose whether they want to belong to a union.

They don't want people to know that union bosses would effectively have veto power over elected officials when it comes to anything that has to do with collective bargaining.

And they don't want you to know that if the proposal fails, nothing changes.

Instead, they've got the appropriately sympathetic looking

— and sounding — teacher, nurse and police officer telling us:

Prop 2 "doesn't add any rights workers don't already have," ignoring that it takes rights away from people who don't want to join a union or pay forced fees to organized labor.

Prop 2 "doesn't force people to join unions," which is true because Michigan already is a forced unionism state. If a union exists in a workplace, workers must join as a condition of employment or pay a hefty fee to the union for the alleged benefits it provides.

According to the ad, Prop 2 also "doesn't put a single worker into a union who isn't already in one." True, they already were forced in.

Nor does it "require anyone to pay dues." But they are forced to pay fees if they don't want to pay the dues.

Then the kicker: Prop 2 "simply prevents those who want to eliminate people's rights from being able to do it. Collective bargaining ... is an American right."

Only it's not.

Collective bargaining is not a right; it's a privilege. And it's already protected by federal law.

"[F]reedom of association is a right shared by all Americans and protected by the First Amendment," wrote Conn Carroll at The Foundry, a blog of The Heritage Foundation. "In contrast, collective bargaining is a special power occasionally granted to some unions."

And, as Franklin Roosevelt astutely said, government employees should not be unionized.

"All government employees should realize that the process of collective bargaining, as usually understood, cannot be transplanted into the public

See "Ducking the Truth," Page 15

Proposal 3 The '25x25' Renewable Energy Mandate

STUDY: PROPOSAL 3

from Page One

even if voters reject Proposal 3, Michigan residents will still bear some of these costs," David Tuerck, one of the study's authors from the Beacon Hill Institute, said in a release. "Michigan already has a 10 percent renewable energy standard in effect, and our economic modeling indicates that it, too, has substantial net economic costs for the state, not benefits."

Cost estimates for Prop 3 were not included in a study coordinated by the Michigan Environmental Council and Michigan State University that has been widely — and inaccurately — quoted for the number of jobs the mandate will create. The study said Prop 3 would create 74,000 job years, but many in the media have continued to report that as the number of actual jobs. The difference is significant. One job held for 20 years is 20 job years, but still only one job.

Prop 3 would add to the state constitution a mandate that Michigan electric utilities produce 25 percent of their energy from renewable sources by 2025.

If the proposal passes, conventional energy sources will need to be kept on standby because of the intermittent source of wind in the state, the study concluded. It also will be costly for residents and businesses.

Residential electricity users could expect to pay between \$170 and \$190 in 2025 for the mandate; industrial businesses could see costs between \$49,730 and \$55,680, according to the study. ■

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MOST OF MICHIGAN IS 'POOR' OR 'MARGINAL' FOR WIND ENERGY

U.S. Department of Energy stats say state not well-suited to meet proposed 25 percent renewable energy mandate

BY TOM GANTERT

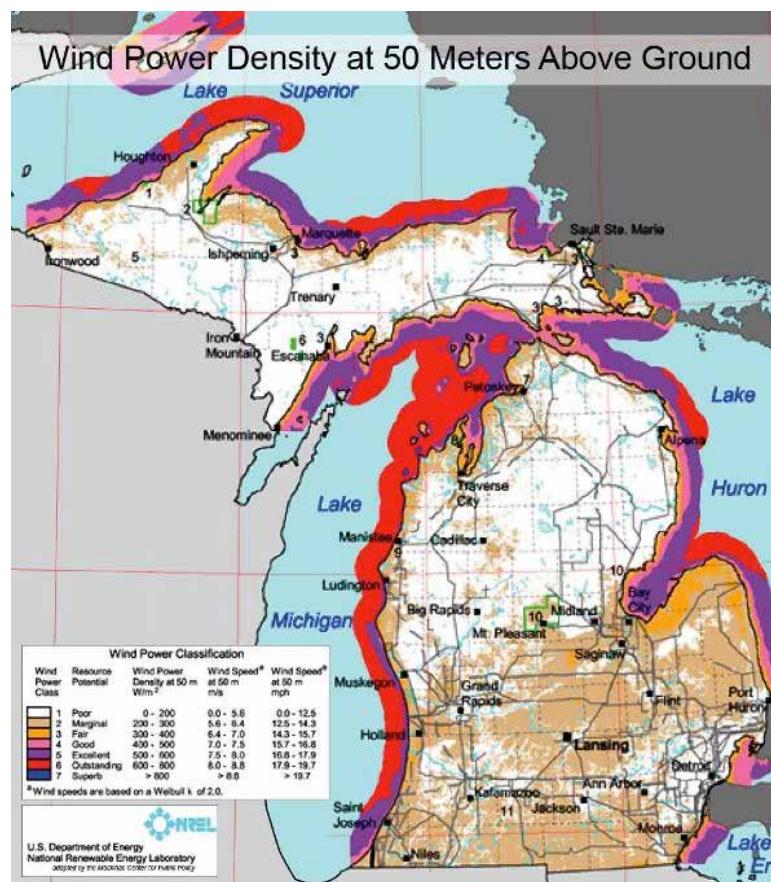
The newest wind turbines are nearly 500 feet tall and will be necessary in Michigan to try to meet the demands of Proposal 3, the 25 percent renewable energy mandate, if voters pass the amendment in November.

That's because almost the entire state of Michigan is "poor" or "marginal" for wind as a resource at 50 meters above ground (see image), according to the U.S. Department of Energy's National Renewable Energy Laboratory. The information says Michigan's best wind opportunities at 50 meters, which would be classified as "excellent" and "outstanding," are all located offshore.

The National Renewable Energy Laboratory says annual wind speeds of about 6.5 meters per second at 80 meters or higher are "generally considered to have a resource suitable for wind development."

The 2010 Michigan map of wind strength 80 meters off the ground shows about 25 percent of the state (including the Upper Peninsula) would reach that "suitable for wind development" standard at 6 to 6.5 meters per second. There is also a small area in the northern thumb between Bay City and Port Huron that has wind speeds of 6.5 to 7.5 meters per second.

By comparison, the entire panhandle of the state of Oklahoma has wind speeds measured at 8 to 9 meters per second at 80 meters above the



ground.

Prop 3 would require that the state add as many as 13 times more wind turbines in Michigan than currently operate. Prop 3 would mandate that electric utilities in Michigan provide at least 25 percent of their energy from renewable sources by 2025.

Advocates and experts predict 2,300 to 3,790 nearly 500-foot high wind turbines would have to be added to meet the 25-percent mandate. Michigan currently has 292 wind turbines in operation.

The maps show that Michigan's best wind options are offshore.

The U.S. Energy Information Administration has estimated that although offshore wind can have four times the capacity as onshore wind, it costs almost two-and-a-half times as much to generate that electricity.

"The offshore winds are far better than the onshore wind resources — the problem is that water depths make offshore wind much more expensive and those living on the expensive lake front properties don't want their views changed or the peace disturbed," said Thomas Hewson, principal of Energy Ventures Analysis Inc.

in Virginia. "Michigan still has relatively poor wind resources making the 25 percent law expensive and not making a lot of sense."

Michigan Environmental Council Spokesman Hugh McDiarmid said the group thinks there is enough wind in the state.

"We would rank Michigan's wind potential as more than adequate to meet the 25 percent standard reliably and affordably," he said.

McDiarmid pointed to a 2003 map done by AWS Truepower that showed that about half the state had wind speeds of 7 to 8 meters per second at 100 meters above the ground. That was a higher estimate than the 2010 map for which Truepower also provided the data for the National Renewable Energy Laboratory.

Lisa Andrews, spokeswoman for AWS Truepower, said there were more "actual wind" measurements in the 2010 map and it was more accurate than the 2003 map.

She said the 2003 map also included offshore wind data, which is much higher than the inland wind. The 2010 map didn't include offshore wind data. Andrews said wind gets stronger the higher off the ground it is measured. ■

The original version of this story was posted online on Sept. 14, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17525.

PROPOSAL 3

Media Promotes Massively Inflated 'Green Jobs' Number Put Out by Ballot Proposal Supporters

Reports exaggerate projected jobs by up to 30 times above what MSU study said

BY TOM GANTERT

When is a job not a job? When it's a job year.

Although it sounds like a riddle told at an economic development convention, it has become a central point of an emerging debate about a ballot initiative that would increase the state's renewable energy mandate from 10 percent to 25 percent.

At the heart of the controversy is how a study, which was done under a contract between Michigan State University and the Michigan Environmental Council, described how it calculated the amount of jobs the 25 percent mandate would create if passed.

The study said 74,495 "job years" would be created if the mandate was passed. The report states that a job year is full employment for one person for 2,080 hours in a 12-month period. It also states that "operations" and "maintenance" jobs were calculated for the life of a plant, which varied between 20 and 30 years.

That means one job could translate to as many as 30 job years.

However, numerous news

sources and advocates for the proposed ballot initiative have inaccurately described the MSU study as saying the ballot initiative would create 74,495 jobs, not job years. This inflates what the study actually said by predicting up to 30 times as many jobs.

Crain's Detroit Business said in a story that the proposed ballot initiative would create 74,000 jobs. The Detroit News also reported the 74,000 jobs figure.

The Michigan League of Conservation Voters' Political Director Ryan Werder also incorrectly wrote that the ballot initiative would create 74,000 jobs and not job years.

Saul Anuzis, the former head of the state Republican Party, who supports the ballot initiative, also made reference to jobs and not job years in an email he widely distributed.

Greene and Werder didn't respond to emails seeking comment. Crain's later corrected its story online.

Anuzis said he was not being paid to promote the ballot initiative. He referred comment

about the jobs versus job years to a consulting firm in favor of the ballot initiative.

Douglas Jester, a principal at 5 Lakes Energy, a clean energy and environmental consulting firm in favor of the ballot initiative, said many economic impact studies in the past involved job years but were reported as jobs. He said that was a standard practice and didn't come under scrutiny until the MSU report described in detail the concept of job years.

"They (MSU authors) were being precise about it where other reports have glossed over it," Jester said.

But Michael LaFaive, a fiscal policy analyst at the Mackinac Center for Public Policy, said the distinction is important.

"We should care because the job years claim may overstate the real impact of this mandate," LaFaive said. "A higher number may convince people that the benefits of the mandate greatly outweigh the costs, when they do not." ■

The original version of this story was posted online on Aug. 22, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17416.

Former Governor Predicted 17,000 Jobs From 'Green Energy' Mandate, Number of Jobs Has Actually Dropped

Gov. Granholm signed 10 percent mandate in 2008, ballot initiative would increase it to 25 percent

BY TOM GANTERT

In 2008, when then-Gov. Jennifer Granholm signed the state's mandated alternative energy law, she said a \$6 billion investment would generate 17,000 jobs.

The majority of those jobs never materialized.

Gov. Granholm called the alternative energy mandate "perhaps the most important legislation to create jobs and diversify Michigan's economy that has crossed my desk. ... This comprehensive energy plan will create all kinds of jobs for all kinds of people."

However, the U.S. Bureau of Labor Statistics tells a different story.

When Gov. Granholm signed the Clean Renewable and Efficient Energy Act in 2008 there were 4,256 jobs in the state in "power and communications systems construction," which includes the jobs for wind and solar power construction. In 2011, that number had dropped to 3,728 jobs; about a 14 percent drop.

Yet promoters of an alternative energy ballot initiative that would mandate that the state's electric utilities produce 25 percent of their electricity with renewable resources by 2025 are wrongly citing a Michigan State University study and claiming that if the measure passed it would create 74,495 jobs. The MSU study, however, calculated "job years" not "jobs." That means, for example, a person who is hired by a wind farm company and worked for 25 years would create one job, but 25 job years. The study based its job years

calculations on the life of the plants, which ranged from 20 to 30 years.

Some critics are also questioning the validity of the study's job years estimate.

"Those things are usually overrated," said Jason Gillman, a tea party activist from Traverse City. "Those 'job years' are probably like 'dog job years.'"

Ken Sikkema, senior policy adviser for the CARE for Michigan Coalition, which opposes the mandate, said a recent U.S. Department of Energy report from the American Wind Energy Association estimated the entire wind energy sector directly and indirectly employed 75,000 full-time workers by the end of 2011.

"Michigan Energy, Michigan Jobs 'jobs years' claims just don't add up, no matter how you look at them," Sikkema said in a press release. "In fact, according to a report issued by the U.S. Department of Energy, there aren't even that many jobs nationwide in the wind energy industry."

Steven Miller, an assistant professor with the Center for Economic Analysis at Michigan State University who was an author on the report, said the "job years" estimates also include indirect jobs.

Indirect jobs are those that are not directly tied to the industry, but wouldn't have been created had the investment not been made. An example would be a coffee shop that hires an extra person to handle increased business. Miller said the Bureau of Labor Statistics had just one category of jobs

See "Predicted Jobs," Page 15

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Proposal 4 The Unionization of Home-Based Caregivers

HARD TO BELIEVE

from Page One

that the money being taken from the Medicaid checks of disabled and elderly people in Michigan be immediately ended and for the return of about six months' worth of dues, or about \$3 million.

In 2005, the SEIU pulled off a forced unionization of Michigan home-based caregivers like the Glossops. The target of the scheme was the modest Medicaid checks the caregivers receive to help them provide home care.

federal program has been in place since 1981 that already guarantees this. They also have said it ensures safe care because background checks will be done. This, too, has already been in place.

"Who would I want to have a background check done on?" Steven Glossop said. "I have no need for background checks."

An estimated 75 percent of the people participating in the Home Help Services Program are like the Glossops, taking care of family or friends.

The Glossops also are like most

not state employees.

"I remembered that when I was in the Teamsters union, they issued me a union card," Steven Glossop said. "Time went by and I didn't get a card. So I called up the union and asked about it. The guy I talked with assured me I'd have one sent to me. But it didn't happen.

"I called the union again and spoke with a woman. She said I'd get a card, but I never did. Now, I've been in the union four years and still haven't received a union card."

Glossop said that at one point he received some information from the union that included a breakdown of how it spends its money. Listed among the expenses were union cards.

"I finally decided I wanted to get out of the union," he said. "I called the union up and told them. They sent me a packet. It was full of information about why I should stay in the union.

"It felt like they were bullying me. Then I found out that, even if I left the union, I'd still have to keep paying what they call a fair share. This would be 66 percent of what the dues had been.

"To me, it seems like the union is power hungry," Glossop said.

"I can't believe all of this stuff. I've been forced into this union that I never signed up for. It seems like we all just keep losing more and more freedoms and liberties."

Glossop said someone from the SEIU contacted him a few weeks ago and wanted to know if he'd received everything (information, etc.) from the union that he'd been trying to get. He said he suspects the SEIU's sudden interest in him was a temporary development connected to the upcoming election.

"I'm just hoping at some point this will be done with," he said. ■

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COMMENTARY

Proposal 4 Supporters Promise Programs That Already Exist

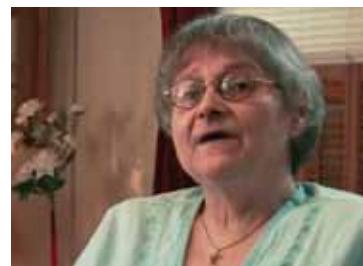


BY MANNY LOPEZ

Fresh off the heels of the disingenuous television ad from

the unions telling people what Proposal 2 won't do instead of what it will do comes a doozy from the unions supporting an initiative to add a home-based caregiver unionization scheme into the state constitution.

The ad from the "Keep Home Care Safe" group shows Monette Winfield saying how happy she was that she didn't have to go to a nursing home after a surgery because of the woman who came to her house to help her during her recovery. Monette then says that Prop 4 ensures that will continue.



Monette Winfield, as seen in the Prop 4 television ad.

Guess what, Monette — it will continue without the passage of Prop 4. The federal Home Help Services Program has been in existence since 1981, and it already ensures people can get help in their homes.

Of course, the ad makes no mention of the scheme orchestrated by the Service

Employees International Union under Gov. Jennifer Granholm to forcibly unionize home-based caregivers. It also does not mention the \$32 million the SEIU has taken from the Medicaid checks of the elderly and disabled in Michigan so it can use the money to make such commercials and push its political agenda.

The ad also ignores the fact that Gov. Rick Snyder signed a law this year that made the unionization of these caregivers in Michigan illegal because they are not state workers. The SEIU took the issue to federal court and claimed it was a "First Amendment advocacy organization." Seriously, the union really claimed that and said it would "suffer irreparable damage" if it didn't get the money.

The ad also says criminal background checks will be done on workers on a registry. This too, already exists. More than 44,000 people were unionized in the SEIU scheme, but the union was able to sign up only 933 people on that registry. Why? Because 75 percent of the caregivers are taking care of their family and friends and don't need to have a background check done.

Safe, quality home care already exists in Michigan.

Prop 4 does nothing to keep people any safer or boost the quality of care, but it would continue lining the pockets of the SEIU at the expense of Michigan's most vulnerable residents. ■

The original version of this story was posted online on Sept. 18, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17549.



To date, the SEIU has taken more than \$32 million from the Medicaid checks of Michigan's elderly and disabled. Much of that money has been used to bankroll Proposal 4, a proposal on the November ballot that will lock the forced unionization scheme into the state constitution.

The union is trying to get this in the state constitution because earlier this year Gov. Rick Snyder signed legislation into law that ended the forced unionization. The SEIU later took the issue to federal court and was allowed to continue taking the money.

Prop 4 supporters have used a variety of stories to try and justify the ballot initiative, but none have much truth to them. The union and its supporters have said the ballot proposal will ensure that people can stay in their homes, ignoring that a

of the roughly 44,000 unionized workers who had no idea they had been unionized.

"Back when I received the first check I noticed that dues had been taken out of it," Steven Glossop said. "I thought, 'I'm in a union, that could be good.' I thought I must be a state employee. The only other union I was ever in was the Teamsters union. That was when I worked for a beverage company. Back then, they (the Teamsters) had to negotiate for us.

"Later I saw that all the union (SEIU) was doing was taking our money," he said. "I wonder what most taxpayers would say if they knew that some of taxpayer dollars being paid to help families out is being taken by the union."

Home-based caregivers in the Home Help Services Program are

PROPOSAL 4

Health Care Unionization Campaign Changes Its Story — Again

Ballot proposal avoids the one issue it is about: Money for the SEIU

BY JACK SPENCER

The “Keep Home Care Safe” proposal campaign has made another tactical change. Its website no longer makes the claim that passing the proposal would create the Home Help Services Program.

Its new claim is that the proposal is needed to safeguard those who participate in the federally created Home Help Services Program, which allows elderly and disabled people to receive care in their home instead of having to move into a nursing home. It was created in 1981.

Backers of Proposal 4, as the ballot measure is now known, want voters to believe that the state

constitution is an appropriate place to establish a registry of providers who have had background checks. What ballot backers don't want voters to know is that such a registry already was created, but it was a flop.

In more than six and a half years since the Service Employees International Union created a scheme to organize 44,000 home health care workers, the registry gathered only 933 names.

That's not a surprise because the vast majority of those in the Home Help Services Program never hire an outside caregiver. It's estimated that about 75 percent to 80 percent of the program participants are

family members or friends taking care of disabled loved ones. They have no need for background checks.

The SEIU to date has taken more than \$31 million from Medicaid checks that should have been used to help the disabled and elderly in Michigan.

What Prop 4 would actually do is lock the forced unionization of the program participants into the state constitution. The SEIU, which has been financing the ballot initiative, is battling a state law that ends the forced unionization scheme.

"This proposal is about one thing and one thing only — the

SEIU is attempting to hijack the constitution to force residents into unions against their own will while fleecing them to fatten the union's wallet," said Nick De Leeuw, spokesman for Citizens Protecting Michigan's Constitution. "For the sake of Michigan seniors and infirm residents whose health often times literally depends on the money being stolen from them, it's time we tell the SEIU 'No, hands off our constitution.'"

To collect enough signatures to put the proposal on the ballot, Prop 4 campaign backers claimed the proposal would create the Home Help Services Program. In doing this, it took advantage of the fact that many Michigan voters were unaware that such a program already existed. Ballot proposal backers continued with that story until recently switching to its new message involving the registry.

See "Unionization Campaign," Page 14

COMMENTARY

SEIU Dues Skim All About Politics



BY JARRETT SKORUP

If a corporation in Michigan teamed up behind the scenes with government officials to extract money from the

checks of taxpayers and promised to spend that money electing Mitt Romney and other Republicans, what would be the reaction?

MLive reporter David Eggert wrote that "Michigan's union-backed ballot measures are a hot topic at the Democratic National Convention." How the union heads frame the issue of the home health care ballot is significant.

Marge Faville, president of SEIU Healthcare Michigan, "a union of home health workers headed toward extinction unless voters are persuaded to keep it alive" is quoted in the story.

"Why do they want to [defeat the ballot initiative]? The same reason they're going after the teachers, the child care workers, the auto workers — because unions are effective, **we make sure Democrats get (into office) and we're going to make sure Obama gets in.**" (Bold added.)

The article, like many in the media, misses the larger point: The home health care ballot initiative is not about the collective bargaining "rights" of workers. Those workers will maintain the exact same ability to bargain that they have now. The issue is over whether the SEIU can forcibly extract dues money from people who are not state employees and who are largely looking after their own special-needs children or the children of friends and family.

The union's own attorney has

See "SEIU Skim," Page 14

Legal Foundation Seeks End to Forced Unionization of Home-Based Caregivers

State agency asked to award \$3 million back to workers that the SEIU took as dues

BY JACK SPENCER

The Service Employees International Union has engaged in unfair labor practices against workers stemming from the union's 2005 forced unionization of Michigan home-based caregivers, according to a Mackinac Center Legal Foundation filing made today with the Michigan Employment Relations Commission.

The legal action against the SEIU asks the Michigan Employment Relations Commission to reverse the decision that recognized the forced unionization of those workers nearly seven years ago. It also asks that the money being taken from the Medicaid checks of disabled and elderly people in Michigan be immediately ended and for the return of about six months' worth of dues, or about \$3 million.

The action stems from what has become known as the SEIU "dues

skim" that began under the administration of former Gov. Jennifer Granholm and resulted in about 44,000 people being forced into the SEIU. To date more than \$32 million has been taken by the SEIU from workers, most of whom didn't vote in the unionization election and are taking care of family and friends.

Those forced into the SEIU were already home-based caregivers in the federal Home Help Services Program, which ensures that the elderly and disabled can get care in their homes.

"The commission needs to recognize that these people are not and never were government employees, especially in light of recent state legislation," said Patrick J. Wright, director of the Mackinac Center Legal Foundation. "We saw this same scheme take place with home-based day care providers. It was wrong then and it is wrong now."

The SEIU is backing Proposal 4 in an effort to lock the forced unionization of these workers into the state constitution.

In April, Gov. Rick Snyder signed a law making the unionization of home-based caregivers illegal because they are not state employees.

If MERC reverses the 2005 decision, the results could be significant. Here's what could happen:

- Home-based caregivers would no longer have to give money to the SEIU in the form of dues and could spend that money themselves on essentials and supplies.
- If Proposal 4 were defeated on Nov. 6, the skimming of union dues could end permanently.
- If Proposal 4 were to pass, the SEIU could still be forced to go through the entire unionization process again. However, this time it would likely have to be done with transparency.

The Mackinac Center Legal Foundation is representing Patricia Haynes, of Macomb County, and Steven Glossop, of Isabella County in the case. Patricia and her husband Robert provide around-the-clock care for their two adult children, both of whom suffer from cerebral palsy.

"They're basically 6-month-olds in adult bodies," Robert Haynes has said in explaining the care they need.

Haynes, who is a retired Detroit Police officer, said he has no objection to organized labor.

"I feel like I'm not getting any union representation," he said. "They are not benefitting me in any way. They are taking money away that we could be using for our kids."

Glossop said the primary impact the SEIU's forced unionization has on his situation is the loss of money he could use to take care of his elderly

See "Legal Action," Page 14

Proposal 5 The 2/3 Tax Limitation

Tax Limitation Amendment Will Greet Voters in November

BY MICHAEL D. LA FAIVE AND
ETHAN DAVIS

Among the many proposed initiatives that may appear on the November ballot is one that would constitutionally prohibit the Michigan Legislature from raising taxes without a two-thirds majority vote in both the House and Senate. The idea behind such restrictions is to make it harder for the political class to extract even more dollars from already beleaguered taxpayers. The initiative is being advanced by a group called Michigan Alliance for Prosperity.

The ballot proposal would read:

A proposal to amend the Michigan Constitution by adding a section 26a to Article IX: No new or additional taxes shall be imposed by the state government, nor shall it expand the base of taxation, nor shall it increase the rate of taxation unless: (a) by the vote of two-thirds of all the elected members of each branch of the Legislature; or (b) by a statewide vote of Michigan electors at a November election. This section shall in no way be construed to limit or modify tax limitations otherwise created in this constitution.

The timing of this bill is made all

the more interesting and relevant because the United States is facing a one-year federal tax hike in 2013 of nearly \$500 billion. This is due in part to expiring tax cuts originally passed during the Bush administration. At least at the state level there is an opportunity to limit adding insult to injury with higher, state-level taxes (such as hiking gas taxes).

Restrictions preventing legislators from raising taxes with a simple majority vote are commonly referred to as "Tax Limitation Amendments" and can be found in roughly 16 states, depending on how you tally them. Americans for Tax Reform — a Washington, D.C.-based taxpayer group — notes that not every state enshrines their restrictions in their respective constitution as the Michigan Alliance for Prosperity initiative sets out to do.

If such an amendment had been in place in 2007, Gov. Jennifer Granholm and the Legislature would have failed to impose a \$1.4 billion tax hike on Michigan businesses and families. That increase — which included an 11.5 percent jump in personal income taxes — was supposed to put Michigan on firmer fiscal footing. It did nothing

of the sort, and before leaving office Gov. Granholm was proposing yet another tax increase.

The official MAP website claims that states with tax limitation laws or amendments have overall tax burdens generally 8 percent to 23 percent lower than states without such limitations.

Michigan Information Research Service, a Lansing-based political newsletter, reports that an organization by the name of Defend Michigan Democracy will oppose the effort and its supporters include the Michigan Education Association, Michigan Corrections Association and the Michigan State Council of Service Employees.

Critics of such amendments have argued that supermajority requirements to raise taxes limit the ability of governments to provide vital services. Another way to look at it, however, is that tax limitation amendments limit the ability of politicians to ignore real reforms and simply reach deeper into the pockets of taxpayers.

In order to get an initiative on the ballot, organizations must submit 300,000 or more valid signatures to the Michigan Bureau of Elections office. MAP submitted

more than 600,000, a large margin for any signature collection errors.

Mackinac Center analysts have written extensively on both tax and spending constraints in the past regarding the constitution's Headlee Amendment and proposals commonly known as a Taxpayer Bill of Rights, including the 2006 "Stop Overspending" proposal that failed to garner enough signatures to be placed on the ballot.

Given the din of noise related to other proposed initiatives — such as the controversial "Collective Bargaining" amendment — few may realize that MAP is working to place such a tax limitation on the ballot. They should be aware of it as it appears bound for the ballot and may, unfortunately, get swept up in a "vote no against everything" fervor that some in Lansing appear all too ready to advance. ■

Michael D. LaFaive is director of the Morey Fiscal Policy Initiative and Ethan Davis is a 2012 fiscal policy intern at the Mackinac Center for Public Policy. The original version of this story was posted online on Sept. 3, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17503.

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mother who suffered a stroke while recovering from a heart attack.

"This whole thing just gets me," Glossop said. "It's hard to believe the union could get away with something like this. They (the union) can't do anything about things like working conditions. They have no idea what goes on inside our house each day. I'd say the biggest effect that being in this union has had on me is them taking money from our checks. To me, it's just thievery."

The \$3 million the legal foundation wants to see reimbursed to the

home-based caregivers dates back to the day the new law was enacted. The rest of the money cannot be recovered due to the statute of limitations.

On the day Gov. Snyder signed legislation into law clarifying that the caregivers were not public employees, an SEIU affiliate, the SEIU Healthcare Michigan, signed a contract extension with the Michigan Quality Community Care Council, the dummy organization used to help facilitate the scheme.

The SEIU, fearing the loss of \$6 million a year, asked a federal judge in May to allow the scheme to continue. U.S. District Court Judge Nancy Edmonds upheld the contract extension

after a union attorney told the court that the SEIU needed the money because it was a "First Amendment advocacy organization" and would "suffer irreparable damage" if the dues skim ended.

Wright said an unfair labor practice charge against the SEIU Healthcare Michigan and the Michigan Quality Community Care Council stems from a conflict of interest because the SEIU gave the MQC3 \$12,000 to continue operating before the parties signed the contract extension.

"This charade is all too familiar," Wright said. "How many times are unions going to repeat this game in

order to fill their coffers? This situation is particularly egregious because it targets Michigan's most vulnerable families by taking money away from the developmentally disabled just so the union can spend it on politics."

MERC officials will review the filing and determine if action taken should be taken against the SEIU and MQC3. It is not clear how long that process will take. ■

The original version of this story was posted online on Sept. 20, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17558.

UNIONIZATION CAMPAIGN

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No one has opposed having a registry, but it was defunded by the legislature as one of many efforts to end the forced unionization of workers. The SEIU then provided money to operate a dummy employer needed to help in the scheme and employed an "executive director" who worked less than three hours a month from her home so she could continue to collect unemployment benefits. She previously ran the registry.

With this in mind, clearly coordination and maintenance of the registry could be done by one or two state employees as part of their existing jobs.

Officials from the Prop 4 campaign and SEIU officials did not respond to requests for comment. ■

The original version of this story was posted online on Sept. 7, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17494.

SEIU SKIM

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admitted as much. When the SEIU filed suit in federal court in June to block a new state law that would have ended its dues skim, Scott Kronland told Judge Nancy Edmunds that, "The union, a First Amendment advocacy organization, will suffer irreparable damage" because it would be denied use of the dues money in the upcoming election cycle.

The alteration to the Michigan Constitution would lock in money for a select union which, by its president's admission, would like to continue using that money to "make sure Democrats" are elected and that "Obama gets in." The union has taken nearly \$32 million from Michigan workers so far. ■

The original version of this story was posted online on Sept. 7, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17494.

In the News

Obama-Promoted Battery Plant Moves to 'Rolling Furloughs' As Company Pulls Back on Jobs Projections

LG Chem received \$151 million from feds, \$100 million from state

BY TOM GANTERT

Two years ago, when President Obama visited the LG Chem battery plant in Holland, it was hailed as part of the transformation of Michigan to a "green economy."

The battery plant, which supplies batteries for the Chevy Volt, got \$151 million from the U.S. Department of Energy.

Today, \$133 million of that \$151 million has been spent, but since April, the company's 200 workers have been on "rolling furloughs" because the electric vehicle market has failed to blossom as promised by many.

In 2010, the plant was projected to create 443 new jobs within five years. Those

projections have been shelved as the company says it can't predict when the furloughs will stop for its current employees.

"Ultimately, market conditions and demand for lithium-ion batteries are going to determine when the company is going to be able to launch production and grow," said LG Chem Spokesman Randy Boileau. "The company has said the Holland facility will play an important role in its global strategy for the batteries."

The Holland battery plant was one of two high-profile green projects heavily subsidized by the government that drew presidential attention, but now are struggling.

A123 Systems, which has a lithium-ion battery manufacturing

plant in Livonia, received \$249.1 million in federal government money. It laid off employees and its future was in doubt until China recently invested \$465 million in the company.

The electric vehicle market in the U.S. has not taken off as some have hoped.

GM has sold 13,497 Chevy Volts through August this year, or about .001 percent of the total 9.7 million cars and light trucks sold in the first nine months of 2012, according to Autodata Corp. GM sold 2,831 Volts in August of 2012, up from 302 sold in August of 2011.

"Michigan and the federal government deemed that electric

car batteries were the future and spent hundreds of millions of tax dollars trying to make it so," said James Hohman, a fiscal policy analyst with the Mackinac Center for Public Policy. "Policymakers shouldn't waste taxpayer dollars on the industry du jour; they should level the playing field."

The Holland battery plant also was approved for up to \$100 million in state tax credits. ■

The original version of this story was posted online on Sept. 24, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17567.

PREDICTED JOBS

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specific to construction.

The Mackinac Center for Public Policy has also used indirect jobs in the past in its analysis. ■

The original version of this story was posted online on Aug. 18, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17400.

DUCKING THE TRUTH

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service. It has its distinct and insurmountable limitations when applied to public personnel management. ... Particularly, I want to emphasize my conviction that militant tactics have no place in the functions of any organization of government employees."

Roosevelt predicted the problems of government unions 75 years ago. Taxpayers are paying the price today. ■

The original version of this story was posted online on Sept. 13, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17532.

'THEY ARE A BUREAUCRATIC MACHINE THAT GOT OUT OF CONTROL'

Roscommon teachers bolt from the Michigan Education Association

BY TOM GANTERT

Excessive spending on salaries and politics are among the reasons teachers in the Roscommon Area Public Schools severed ties with the Michigan Education Association, said Jim Perialas, interim president of the new teachers' union.

The MEA's executive salaries, which are among the highest in the country, had angered the teachers, he said.

Perialas said a newly formed local union could provide the same basic services that the MEA provided and for less than half the cost. Perialas said his teachers were facing a dues increase from the MEA this year that would have increased their annual payments from \$850 to \$960. He said the new independent union will

keep dues at about \$800 a year for four years so they can build up some reserves, but then the plan is to drop dues to \$400.

"We are the customer," Perialas said of the teachers' frustrations with the MEA. "They got too greedy. They are a bureaucratic machine that got out of control."

Teachers in the Roscommon Education Association voted Monday 42-22 to decertify from the MEA. The new union will be called the Roscommon Teachers Association.

"We are not anti-union, we are anti-MEA," said Perialas, who served as the chief negotiator for the Roscommon Education Association. "We left the MEA because we sent them a check for \$70,000 and we didn't feel we were getting \$70,000 a

year in services."

MEA executive salaries also were an issue, he said.

"It was huge for us," he said. "We hated it."

In 2011, former MEA President Iris Salters made \$235,447, a cut in pay from her 2010 salary of \$280,598. Steven Cook, who took over as MEA president when Salters left, made \$196,594 in 2011 as the MEA's vice president.

"This is the sales pitch they give teachers: 'For an organization of 157,000 people, our pay is not out of whack,'" Perialas said. "Our response is: 'You have an organization of about 200 people and your revenue stream is 157,000 teachers. You don't run an organization of 157,000 people.'"

The average teacher in the

Roscommon district, which is along I-75 south of Grayling, earned \$62,312 in 2010-11, according to the Michigan Department of Education.

"It's stuff like that is out of touch," Perialas said.

John Ellsworth, the former president of the Grand Ledge teachers union, said he was "happy and impressed" Roscommon teachers were taking control of their destiny.

"I hope other districts do consider it," Ellsworth said.

However, Ellsworth said he thought few would follow Roscommon's lead.

"Teachers do have much to fear in recent legislation and continued attacks, and the MEA makes sure they know it," Ellsworth said.

He said most teachers are focused

on the classroom.

"I think most teachers go with the flow, and they do not see much benefit in changing or leaving the MEA," Ellsworth said. "In my view, for a district to leave the MEA, a few trusted teacher leaders have to push for it. And it is rare that local union leaders view the MEA critically. I think the culture and attitude of the MEA, its trainings and its employees, is that of a bunker mentality: it is us versus them. By creating that bunker mentality, critical thinkers who challenge the MEA become the enemy, even if those folks are trying to improve the MEA." ■

The original version of this story was posted online on Sept. 12, 2012. It is available with hyperlinks and more info at www.MichCapCon.com/17519.

I'M JUST A BILL

Michigan✓**votes.org**

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

SENATE BILL 1224

Mandate employer grant leave for parent school events

*Introduced by Sen. Bert Johnson
(D-Highland Park)*

To mandate that employers must grant an employee up to 10 hours of unpaid leave per child, per academic year to attend academic activities.

SENATE BILL 1230

Impose performance bond mandate on mobile home park owners

*Introduced by Sen. Judy Emmons
(R-Sheridan)*

To mandate that mobile home park operators must post a bond against the costs of a potential closure, including the removal and disposal of abandoned mobile homes, scrap material and waste.

SENATE BILL 1237

Create government database of residents' health care use

*Introduced by Sen. Jim Marleau
(R-Lake Orion)*

To create a government "medical care database" to compile statewide data from health insurance companies and HMOs on the cost of all health care services provided in the state.

HOUSE BILL 5761

Revise cash welfare time limits

*Introduced by Rep. John Olumba
(D-Detroit)*

To eliminate a current cap of 48 months on the time a person can collect cash welfare benefits (which under current law has many exceptions).

HOUSE BILL 5774

Impose home health care agency licensure mandate

*Introduced by Rep. Kurt Heise
(R-Plymouth)*

To impose a new licensure mandate on agencies that offer "skilled home health services or personal care services" to a consumer in the person's home or residence.

HOUSE BILL 5776

Require parents' permission to place student with "ineffective" teacher

*Introduced by Rep. Maureen Stapleton
(D-Detroit)*

To require a public school district to get the written consent of a parent or guardian before placing a child in a classroom with a teacher who is rated "ineffective" on his or her most recent year-end evaluation, as defined by a system the state is developing following enactment of a 2011 teacher tenure reform law.

HOUSE BILL 5760

Mandate more windmills and other "non-conventional" electricity

*Introduced by Rep. John Olumba
(D-Detroit)*

To mandate that 30 percent of the electricity sold by utilities come from non-conventional sources by the year 2025.

HOUSE BILL 5726

Authorize local "pension obligation bonds"

*Introduced by Rep. Paul Opsommer
(R-Dewitt)*

To allow local governments to borrow money to cover unfunded employee pension liabilities, if the local has closed its traditional "defined benefit" pension system to new employees.

SENATE BILL 1210

Expand "brownfield" subsidies

*Introduced by Sen. Mike Kowall
(R-White Lake)*

To create a state fund to provide "brownfield" subsidies to developers, with money coming from state education tax revenue "captured" by local brownfield tax increment finance authorities. The bill would also authorize these subsidies for certain parking lots and for developers whose projects are deemed to involve a "historic resource." ■