



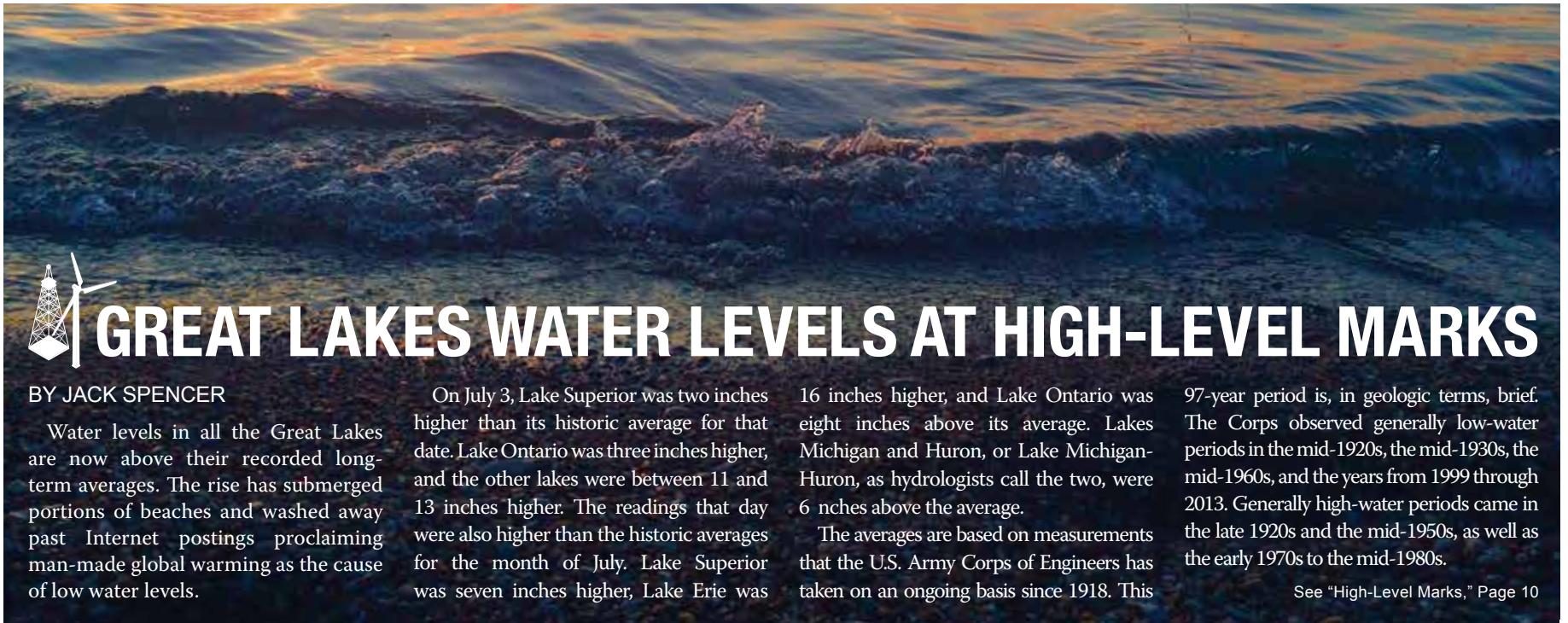
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GREAT LAKES WATER LEVELS AT HIGH-LEVEL MARKS

BY JACK SPENCER

Water levels in all the Great Lakes are now above their recorded long-term averages. The rise has submerged portions of beaches and washed away past Internet postings proclaiming man-made global warming as the cause of low water levels.

On July 3, Lake Superior was two inches higher than its historic average for that date. Lake Ontario was three inches higher, and the other lakes were between 11 and 13 inches higher. The readings that day were also higher than the historic averages for the month of July. Lake Superior was seven inches higher, Lake Erie was

16 inches higher, and Lake Ontario was eight inches above its average. Lakes Michigan and Huron, or Lake Michigan-Huron, as hydrologists call the two, were 6 nches above the average.

The averages are based on measurements that the U.S. Army Corps of Engineers has taken on an ongoing basis since 1918. This

97-year period is, in geologic terms, brief. The Corps observed generally low-water periods in the mid-1920s, the mid-1930s, the mid-1960s, and the years from 1999 through 2013. Generally high-water periods came in the late 1920s and the mid-1950s, as well as the early 1970s to the mid-1980s.

See "High-Level Marks," Page 10

INSIDE THIS ISSUE



Page 4



Page 14



Page 7

State Gives Billions in Dollars to Corporations – But Keeps Secret How Much They Get

BY JACK SPENCER

The state of Michigan gives tens of millions of taxpayer dollars to private companies each year. Yet remarkably, the public is kept in the dark about how much each corporate beneficiary receives — or even who receives the money.

That's because the subsidies — most of which are likely delivered in the form of cash payments — are styled as "refundable tax credits." The Department of Treasury claims

that revealing details about these credits would violate a law that makes tax return information confidential.

It's a scheme that until 2011 let politicians authorize billions in corporate welfare extending years into the future and never be held accountable for which firms get how much. What remains unclear is precisely how basic government transparency principles were avoided.

See "Keeps Secret," Page 8

TEACHERS MAKING OVER \$80,000 SAY THEY NEED SECOND JOBS 'TO MAKE ENDS MEET'

BY TOM GANTERT

One schoolteacher who gets paid \$87,349 annually, and another who gets \$80,472, were highlighted in a recent Oakland Press article complaining that teachers had to get second jobs "to make ends meet."

The article was written by a third teacher, Julia Satterthwaite, who works at the

Rochester Community Schools district and is described as a "summer intern" for the newspaper.

The article featured one of the author's colleagues, Karen Malsbury, who has been teaching for 14 years. Malsbury was quoted as saying, "There is little or no room for

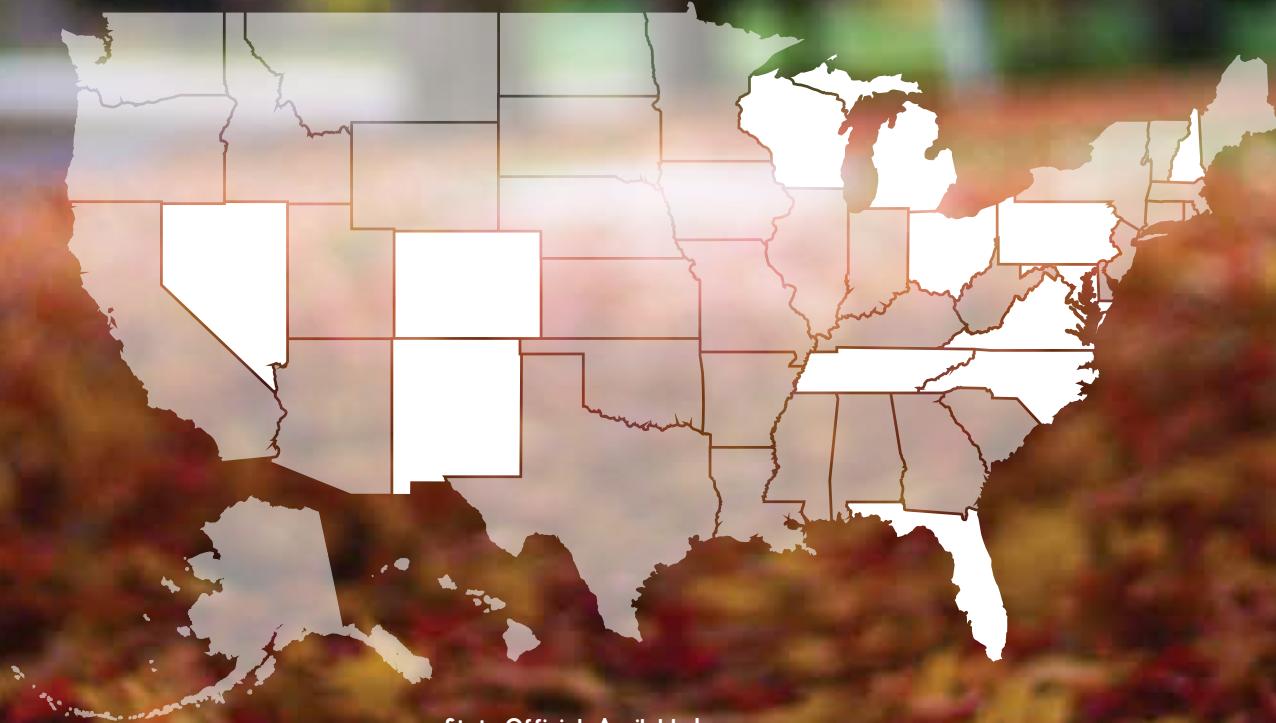
See "Make Ends Meet," Page 12

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LETTER FROM THE EXECUTIVE VICE PRESIDENT

The Assault on Free Speech

BY MICHAEL J. REITZ

We Americans have long enjoyed the right to financially support our favored causes. Whether our favorite voluntary association is a food bank, church or public policy organization, we value their work to build social capital. Concomitant with the ability to donate one's resources is the right to do so privately, without the scrutiny of government regulators.

A loud and insistent movement seeks to force all private giving into the public eye. Complaints about "dark money" and the "undue influence of money" inflame concern, but these attacks are designed to squash thoughtful debate about how we should govern ourselves.

The enemies of debate would require individuals report charitable giving: personal information, donation amounts and the names of organizations would be recorded in a government database, available to employers, neighbors and political operatives, not to mention all branches of government.

Political retribution is one consequence of the forced disclosure of one's private views; polarization is easier than persuasion. A maze of punitive regulations can also be used to stifle speech. Concerns about government surveillance, perhaps once dismissed as paranoid, have been validated by the misdeeds of the IRS and NSA.

Examples of overreaching regulation and retribution abound:

- A woman in California was forced to quit her job at her family restaurant after protesters boycotted the restaurant because of a \$100 donation she gave to an issue campaign.
- A woman in Arizona recruited her neighbors for a sign-waving effort protesting a local bond. Officials sent her a cease-and-desist letter, demanding that she register a political action committee and comply with electioneering laws.
- In 2011, a Wisconsin woman was awakened by armed agents threatening to cave in her door. They swarmed in, burst into the bathroom where her partner was showering, and ransacked drawers and closets. Her crime? Serving as an advisor to

Gov. Scott Walker, who was being targeted by Milwaukee County District Attorney John Chisholm, a political opponent.

- The Michigan Education Association sued the Mackinac Center in 2002 in an attempt to secure a list of our donors, presumably to launch intimidation campaigns. We fought back successfully with the help of the Institute for Justice.
- In 2013, U.S. Sen. Dick Durbin sent a letter to the Mackinac Center, demanding to know whether we supported the American Legislative Exchange Council and inviting us to defend our views at a Senate judiciary subcommittee hearing.
- This year the Montana Legislature enacted a law that requires groups to disclose their donors if they spend money on communications that mention a candidate or ballot measure close to an election.

Using the arm of the State to squash debate isn't new; in the 1950s, officials in Alabama sought to put the NAACP out of business by suing to obtain its membership list. The U.S. Supreme Court ruled that the right of free association protected the NAACP from such demands.

Enemies of debate like to conflate government transparency and private giving. The decisions and actions of government agencies should be open for review. It is quite another matter, however, for government to require the disclosure of private views and donations.

Let's celebrate – not penalize – the decision of individuals to support causes and improve their communities. ■



Michael J. Reitz,
Executive Vice President

MEET THE STAFF



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EPA Eyeing That Saturday Afternoon BBQ at the Park

BY JACK SPENCER

A resolution in the Michigan Senate sounds the alarm that the U.S. Environmental Protection Agency could soon be meddling with how outdoor barbecue-loving Americans prepare their food. Senate Concurrent Resolution 14 expresses opposition to EPA efforts to acquire a study that could lead to regulations on outdoor grills and barbecues.

The EPA has commissioned a study intended, “To perform research and develop preventative technology that will reduce fine particulate emissions (PM2.5) from residential barbecues. This technology is intended to reduce air pollution as well as health hazards in Southern California, with potential for global application.”

Sen. Phil Pavlov, R-St. Clair, and Sen. Tom Casperson, R-Escanaba, are joint sponsors of the resolution.

“We want to prevent another absolutely absurd overreach by the EPA and keep them from getting into our backyards and shutting off our barbecues and grills,” Pavlov said.

The resolution says, in part:

The United States Environmental Protection Agency (EPA), our nation’s environmental regulatory agency, has funded a University of California-Riverside student project to develop preventive technology to reduce emissions from residential barbecues. By funding this project, the EPA is apparently intent on finding a solution to a problem that does not exist and demonstrating an unnecessary interest and concern over the impact of backyard barbecues on public health; and based on the EPA’s past practices, today’s study, no matter how small, is a concern to Michiganders and Americans, as it is inevitably the first step toward tomorrow’s regulation of this American pastime.



To fulfill its mission to protect human health and the environment, the EPA’s primary tool has been, and continues to be, regulatory mandates that time and again ignore the financial, economic, and social burdens to the state and the country. The regulation of barbecues would be the latest, egregious example of overreach by the EPA; and funding such a study is a poor use of taxpayer dollars. In the face of record national debts, annual budget deficits, and other profound problems the country is facing, surely the federal government can better use our resources than on a study of grills and backyard barbecues.

Senate Concurrent Resolution 14 was introduced on May 14 and referred to the Senate Committee on Natural Resources, which is chaired by Casperson.

“This is not the biggest issue we have here in Michigan, and particularly in Northern Michigan, regarding the EPA; but it is especially symbolic of what keeps happening when you have an agenda-driven agency like the present day EPA that wants to regulate everything,” Casperson said.

Pointing out that a concurrent resolution at the state level

doesn’t carry the weight of law with the federal government, Michigan Capitol Confidential asked Casperson whether much of anything can be done to stop the EPA from going ahead with its apparent plans.

“We’re trying to educate people and make them aware of the oppressive nature of what we’re up against,” Casperson said. “That’s one of the things we can do — educate the citizens about things like this that they certainly have a right to be angry and concerned over — and I believe it is working somewhat.”

“I think you’re going to see more direct action taken soon on another issue we have with the EPA,” Casperson continued. “Within the next few weeks I think you’ll see a lawsuit filed against the EPA over the County Road 595 project in Marquette County, which was blocked by an EPA permit denial. Someone has to start challenging the EPA on issues like this or it is going to keep on doing things that are beyond comprehension.” ■

The original version of this story was posted online on June 23, 2015. It is available with hyperlinks and more info at MichCapCon.com/21455.



Local Governments Look To Cash In On Commercial Truck Inspections

BY ANNE SCHIEBER

Local police departments that get into the truck inspection business insist their only interest is safety. But truckers and traffic enforcement watchdogs believe there is another agenda in play — money.

“Local enforcement of commercial motor vehicle safety standards is about revenue, not about safety,” said Mike Matousek of the Owner-Operator Independent Drivers Association. “There is a greater chance that local law enforcement officials will wrongfully issue a citation. It can effectively force professional truck drivers out of the industry and impact consumers.”

James Walker of the National Motorist Association has a related message: “This is a very complex area of enforcement. It is best done by Michigan State Commercial Vehicle Enforcement Division who do this complex job, all day every day.”

But under Michigan law, local police who have received training can perform truck inspections, and municipalities get to keep a percentage from traffic and safety fines imposed for violations of local ordinance. In contrast, traffic and motor carrier fines collected from

state enforcement actions go to a state library fund.

The Michigan Municipal League has promoted the local enforcement strategy in a document called “Municipal Prosecution: Distribution of Fines and Fees.” The document features a string of dollar signs in the table of contents.

Hillsdale County’s Somerset Township could be the next local government to jump on board. Its board of supervisors considered an ordinance in August that would let the township keep most of the fines collected from truckers subject to local inspections.

“There are important reasons for our state laws requiring the majority of traffic fine revenue to go to the libraries,” said Walker. “Revenue is the wrong reason for traffic enforcement. Safety is the only valid reason.”

The Michigan State Police perform the bulk of motor carrier inspections, but they also offer training that allows local police to inspect trucks traveling through their communities. That’s what Somerset Township is now considering.

“We have a small police force here,” said township Supervisor Tom Biel. “We are busy enough



Michigan Schools Receive Over \$12,500 Per Student

BY JACK SPENCER

Though “schools are underfunded” is a popular belief, per-pupil funding in Michigan has increased substantially over the past 20 years. Even so, the current state budget includes a \$500,000 line item for an “adequacy study” that could lead to even more school spending. The declared purpose of the study is to determine how much taxpayers must spend for public schools to educate students sufficiently well to meet state graduation requirements, presumably with no substantive changes to the status quo system.

The study expenditure was authorized as part of a legislative deal last December to get Democratic legislators to support the Proposal 1 tax increase ballot measure, which was defeated by voters on May 5 of this year.

When all revenue sources are included, public schools in this state received \$11,040 per pupil in 1995. The figure today is \$12,570, or \$1,530 more per student, a 13.8 percent increase even after inflation. (The figures are stated in 2014 dollars.)

According to the U.S. Census Bureau, Michigan ranks near the middle of the states in per-pupil public school funding.

When the state’s per capita income is considered, Michigan’s K-12 spending ranks in the top ten nationally.

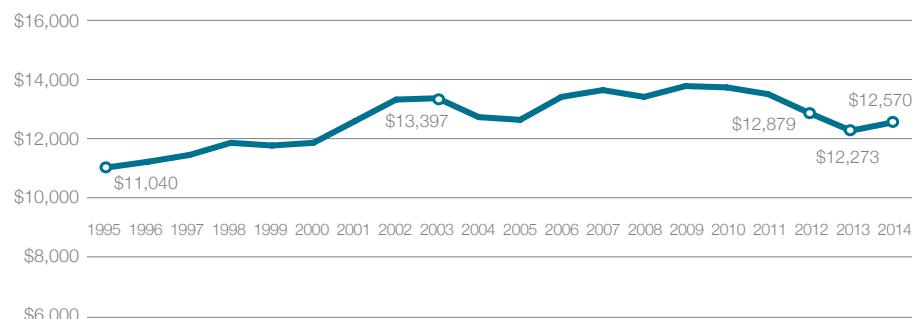
If the adequacy study were to determine that Michigan’s \$12,570 figure is inadequate, arguably that would be the same as saying that half of the 50 states’ funding levels are inadequate also. Yet, the U.S. spends more on education than any other nation.

Looking at just the past 10 years, the school funding picture is more complex than a straight-line increase. There has been a modest 1 percent decline since 2005, due in part to a funding spike in 2003, which happened just as Michigan was entering its single state recession. This period also includes the nation’s Great Recession of 2008-09 and the one-time federal spending blowout of the Obama stimulus program.

When adjusted for inflation, total K-12 revenue in 2003 was the equivalent of \$13,397 per pupil in today’s dollars. Funding from all sources declined briefly, but was rising again when it reached \$13,411 in 2006, and peaked at \$13,770 in 2009, the year of the Obama stimulus (all figures expressed in 2014 dollars).

Just as funding has gone both up and down, so too has enrollment. Public school enrollment in the state is 4 percent below

Inflation-Adjusted Total K-12 Public School Revenue Per Pupil, 1995-2014



Source: Center for Educational Performance and Information, Historical Form B (1995-2003) and Financial Information Database (2004-2014), Senate Fiscal Agency

what it was in 1995. It rose for a few years after that, peaking in 2002-2003, but has fallen 11 percent since 2005. Under the foundation allowance funding system, money follows the student, which can create stress for school districts with declining enrollment. This fact may contribute to an impression among local school employees that K-12 funding has undergone a significant drop statewide, which has not been the case.

These statistics are from the Center for Education Performance and Information; Historical Form B (1995-2003) and the

Financial Information Database (2004 – 2014) of the Senate Fiscal Agency.

Looking further back, according to the U.S. Department of Education’s National Center for Education Statistics, when measured in 2014 dollars, Michigan public schools spent \$5,623 per pupil in 1970, \$7,991 in 1980 and \$10,264 in 1990. These are not revenue figures, as are the ones above; they represent only spending amounts. ■

The original version of this story was posted online on Aug. 11, 2015. It is available with hyperlinks and more info at MichCapCon.com/21624.

School District Gives Teachers Raises, Has Deficit, Blames State that Gave Them an Extra \$5 Million

BY TOM GANTERT

One of the state’s larger school districts said because its teachers were underpaid it would give raises as high as 7.4 percent in 2014-15. But now Grand Rapids Public Schools faces a projected \$8 million deficit for 2015-16.

Grand Rapids Superintendent Teresa Weatherall Neal points the finger at state government for not giving her district more money. And that’s after the district received a \$5.6 million increase in state dollars for the 2014-15 school year despite having 37 fewer students, according to numbers from the Michigan Department of Education.

Neal’s comments appeared in a June MLive article in which she claimed state funding is inadequate and the fact that the district outspent its revenue “is largely due to Lansing’s inability to take action.”

The average salary of Grand Rapids teachers was \$51,899 in 2013-14, the most recent year for which data are available

from the Michigan Department of Education. While that put teacher incomes well ahead that of most city residents, it was the lowest average teacher salary of the 19 conventional public school districts in Kent County.

From 2009-13 the median household income in Grand Rapids was \$39,227, and 26.8 percent of residents had incomes below the official federal poverty level.

The Grand Rapids teachers union contract has a top-of-scale salary of \$67,035 overall, and \$56,434 for a teacher with a bachelor’s degree. The state average was \$62,169 in 2013-14.

By comparison, neighboring East Grand Rapids is considered an affluent city. Its average teacher salary was \$69,202 in 2013-14, and East Grand Rapids’ teachers at the top of the scale earned \$86,116; those with a bachelor’s degree top out at \$72,172.

The Grand Rapids Public Schools said its teachers received the raises because the district didn’t have nearly as great a

reduction in enrollment as anticipated.

“In following the GRPS Transformation Plan’s guiding values about investing in our talent retention, recruitment, and development, we then used that to negotiate a new agreement that included step increases plus a percentage,” said Grand Rapids school district spokesman John Helmholdt in an email.

“The salary increases ranged from 2 percent up to 7.4 percent and also resulted in significantly more competitive wages compared to surrounding districts,” Helmholdt wrote. “We know that if we want to move student achievement, we must retain and attract the top teaching talent. This investment in our talent was very intentionally done to demonstrate the board and the administration’s commitment to implementing the GRPS Transformation Plan.”

Neal put part of the blame for the projected deficit on rising costs for retirement benefits. The district’s

contributions to the state-run school employee pension system rose from \$17.3 million in 2012 to \$19.0 million in 2014. Much of those amounts goes toward “catching up” on past underfunding, which is responsible for \$26.5 billion in unfunded liabilities statewide.

James Hohman, the assistant director of fiscal policy at the Mackinac Center for Public Policy, said retirement plans have been a problem for years.

“State-imposed retirement costs are unhelpful to districts struggling to balance their budgets,” Hohman said in an email. “But school officials should get on board with closing the retirement system or stop complaining about its costs.”

Hohman points to similar underfunding in government pension systems across Michigan and the nation as evidence that the school system should be closed to new employees, who should instead be given contributions to a 401(k)-type retirement plan. ■

The original version of this story was posted online on Aug. 10, 2015. It is available with hyperlinks and more info at MichCapCon.com/21623.

Michigan Education Association Has Lost 34,000 Members in Last 10 Years

BY TOM GANTERT

In 2005, the Michigan Education Association had 130,882 voting (active) members that were teachers and support professionals. According to recent disclosure documents, in 2015 the state's largest teachers union has 96,561 members, a decline of about 34,000 since 2005, or 26 percent.

The numbers on the most recent MEA membership came from the Portage Education Association's website which cites MEA Secretary Treasurer Rick Trainor as its source. The numbers significantly differ from the MEA's federal report from the previous year. The MEA didn't respond to an email seeking comment on its overall decline in membership.

There are four main reasons for the decline.

1. Fewer students

After 12 consecutive years of declining enrollment there are fewer students in Michigan public schools. The schools contained 1.75 million students in the fall of 2002. Over the next 12 years the number fell by nearly a quarter million, to 1.50 million in the fall of 2014, a 14-percent decline.

Fewer students means fewer teachers — unionized or not — are needed.

2. Fewer teachers

Michigan saw a 9-percent drop in the number of public school teachers over the past six years. There were 111,419 teachers in 2007-08 and 101,338 in 2013-14, the most recent year for which data is available.

But the MEA teacher membership saw attrition from two directions. Not only are there fewer public school teachers overall, but a greater proportion of them are non-unionized charter school teachers. Charter schools have a different organization but are still public schools.

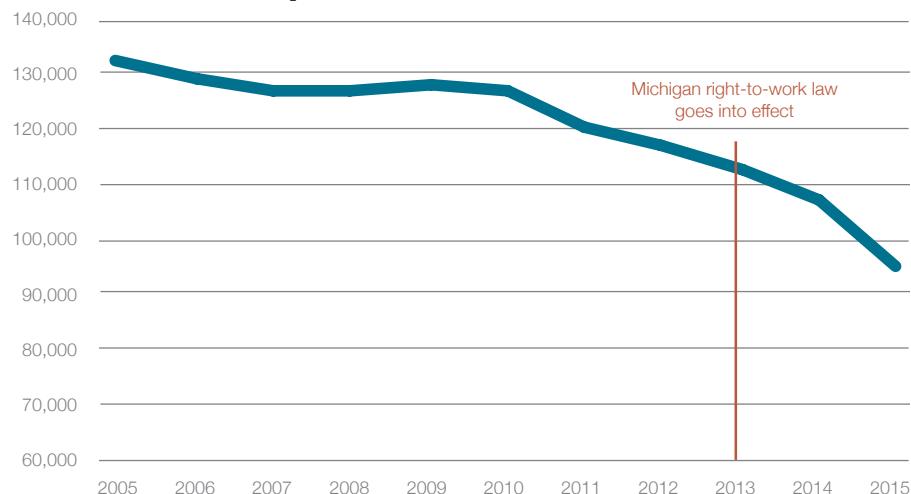
In 2005 there were 6,442 charter school teachers working in Michigan. By 2014, 302 Michigan charter schools employed 10,443, an increase of 62 percent. Charter schools are almost all non-union.

The number of active teachers in the MEA has dropped 22 percent since 2005, from 92,207 to 72,320 in 2015.

3. Privatization

More schools have outsourced non-core services to private contractors, meaning the people who do that work are no longer MEA members. The number of public school districts that contracted out for food, custodial or transportation services rose from 31 percent in 2001 to 71 percent in 2015, according to an annual survey done by the Mackinac Center for Public Policy.

MEA Membership



Correspondingly, the MEA has lost 37 percent of its membership among professional support staff. The union had 38,675 education support professionals in 2005, but only 24,241 in 2015.

4. Right-to-work

In 2012, the state Legislature passed a Michigan right-to-work law, which means workers in unionized workplaces no longer have to financially support the union as a condition of employment. The MEA reported it lost 6,500 members

in the first two years of right-to-work. Many school districts reached agreements with their unions to extend contracts for several years before right-to-work became effective which stopped employees from being able to opt-out. It's estimated as many as 25 percent of the teachers in the state are in such contracts. ■

The original version of this story was posted online on Aug. 21, 2015. It is available with hyperlinks and more info at MichCapCon.com/21651.



The Environmentalist Rhetoric Guide

BY JACK SPENCER

Market research surveys commissioned by one of the nation's largest environmentalist groups advises activists to “talk about yourselves as conservationists — not environmentalists,” “do not make global warming/climate change the primary rationale for conservation,” “do not use the threat of ‘sprawl’ unless with core supporters,” and “do not focus on ‘green’ jobs as a primary rationale for conservation.”

These quotes are found in a pair of documents, one from 2004 and one from 2013, that expose what might be called the environmental movement's political messaging intended for public consumption.

The documents are based on research commissioned by The Nature Conservancy, which is generally considered to be less strident than most environmentalist organizations. The older one is located on a website of

the Maryland Department of Natural Resources, among the “course documents” for “Communicating Conservation to Citizens: Communications Course 2009.”

The documents take the form of reports by two opinion research firms, Fairbank, Maslin, Maullin, Metz & Associates; and Public Opinion Strategies. These same companies were used recently to provide a dubious and nontransparent poll claiming a majority of “Michigan's business leaders” support President Barack Obama's proposed Clean Power Plan.

The reports include comments such as “scientists clearly link global warming to increasingly extreme weather events.” Such unqualified statements reveal the point of view of the researchers, which is expressed along with the findings of their research.

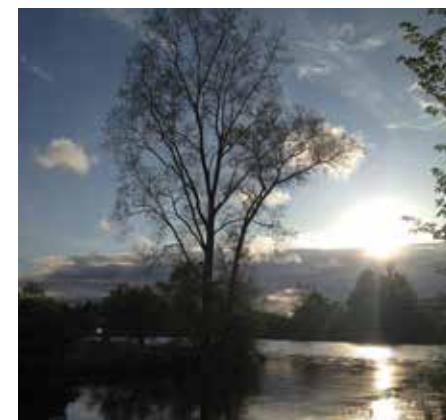
Here are a few excerpts from the documents:

From the 2004 document — “Do talk about yourselves as ‘conservationists’

— not ‘environmentalists.’ This bears repeating. Voters are more likely to view themselves as ‘conservationists’ than ‘environmentalists.’ Moreover, in the focus groups, there was a decided skepticism about the agendas of some ‘environmental groups’ who engage in land preservation.”

From the 2013 document — “Do not make global warming/climate change the primary rationale for conservation. While scientists clearly link global warming to increasingly extreme weather events that affect the safety of people and communities, it is not yet perceived similarly by the public. The most politically polarizing rationales for conservation are those that position climate change as the primary reason for engaging in conservation. Republicans and Independents rated these messages significantly lower than other rationales in support of conservation.”

“However, referring to climate change in passing as part of a broader argument for conservation has generally not had a



significant impact — positive or negative — on responses. In the interest of continuing to expand and reinforce public attention to this vital issue, incorporating subtle references to climate change into otherwise strong messages may be advisable. This, however, is an area where location specific research is likely critical.”

From the 2004 document, and stressed again in the 2013 document — “Do talk

Have Schools Faced ‘Seemingly Permanent Funding Cuts’?

Ann Arbor Public Schools has received an extra \$23.5 million since 2010-11

BY TOM GANTERT

The August edition of the Ann Arbor Observer periodical weighed in on the contract dispute between the Ann Arbor school district and its teachers. It wrote that the school board was “asserting the union’s contract has to change to reflect new state laws and seemingly permanent funding cuts. ...”

Except, state revenue to the Ann Arbor school district increased a combined \$23.5 million over the last four state budgets compared to the 2010-11 school year. Of that amount, \$3.7 million would have been for educating a cumulative total of 408 extra students over those four years. The rest was from increases approved by the Legislature, some of it earmarked for things such as special education.

The Ann Arbor Observer is not the first media outlet to inaccurately report that school districts have experienced funding reductions, a myth perpetuated in 2014 by Democratic gubernatorial candidate Mark Schauer and eventually debunked by the mainstream media.

The Ann Arbor school district hasn’t experienced the full benefits of the extra state funding because much of the new money was used to pay for school employee retirement benefits. The district’s contributions to the Michigan Public School Employees’ Retirement System rose from \$17.6 million in 2012 to \$25.7 million in 2014, a 46 percent increase in two years.

School board member Christine Stead said the increasing burden of funding pensions is an important factor in why district officials feel

like funding has been cut even though revenues actually rose.

Stead used the state’s foundation allowance grants for her comparisons, which in general account for 85 percent of a school district’s state funding. The payments to MPSERS as well as special education dollars are not included in the foundation allowance.

Stead said, “If the foundation allowance for the AAPS had merely kept pace with inflation since Proposal A was enacted (in 1994), we would have had \$58 million more in revenue last year alone.” The Ann Arbor district’s total state revenue last year was \$98.6 million.

“The burden of MPSERS and other costs (health care, inflation, etc.) affect all local school districts,” Stead continued. “While the state allocation in

overall school-related expenses has gone up, what has effectively gone down is what we are able to contribute to our classroom settings. This is where there is an increasing gap in our funding reality.”

Stead says that understanding the district’s funding situation requires looking at how the rising pension burden erodes current funding.

Stead has done what many other school leaders have not, which is to support solving the problem of underfunded pensions by shifting new school employees to 401(k)-style retirement accounts, which by their nature, cannot be underfunded year after year. ■

The original version of this story was posted online on Aug. 19, 2015. It is available with hyperlinks and more info at MichCapCon.com/21640.

Government Price Controllers Can’t Make Up Their Minds

BY JARRETT SKORUP

Gas stations have heavy competition. There are stations all over the place and everyone publicly displays their prices. Owners operate on very thin profit margins, and there is lots of incentive to keep prices as low as possible. Almost everyone uses gas and nobody likes paying higher prices. So when prices increase, politicians on both sides of the aisle demand and promise investigations. Oil companies are roundly demonized. (Of course, nobody is sending them a thank-you card when prices come down).

When it comes to crops, government bureaucrats take a different approach. When the price of products like corn, soybeans, sugar, cherries, and raisins is low, that’s good for consumers, but bad for some farmers. So the government price controllers step in, using old, inefficient laws to limit supply and drive up prices.

Some states go further. Michigan-headquartered Meijer opened two stores in Wisconsin and is now being investigated for its prices ... being too low. A Depression-era law says items cannot be sold “below cost” — a restriction that costs the residents of the state tens of millions of dollars annually.

“This is a bit peculiar for us, we are not accustomed to regulations that limit our customers’ ability to save money when they shop with us,” said Frank Guglielmi, Meijer’s director of communications.

Public officials should spend less time interfering in the free market and more time focusing on ways to eliminate the monopolies that government mandates in education, alcohol, energy, electricity, unionization, law and more. That would actually help people. ■

The original version of this story was posted online on Aug. 25, 2015. It is available with hyperlinks and more info at MichCapCon.com/21661.

‘Simon Says’: Teacher Union Toys with Members Wanting Out, Demands Requests Go to ‘Stealth’ P.O. Box

BY TOM GANTERT

In an apparent effort to make it even more difficult or even stop school employees from exercising their right under right-to-work to not pay union dues or fees, the state’s largest teachers union has quietly set up an obscure post office box address to which members must send the required opt-out paperwork. It’s P.O. Box 51 East Lansing, MI 48826.

Based on a letter the Michigan Education Association sent to members who had tried to get out, and discussions with some of them, resignation requests sent to the regular union headquarters address will not be honored.

An extensive search of the union’s websites found references to the post office box address on just one page of MEA’s main website, and on one affiliate union’s website.

There is no record of this post office box address existing before this month. In the past, union members who wanted to opt out just had to send notification to the address of the MEA’s headquarters in East Lansing.

The Michigan Education Association didn’t respond to an email seeking comment.

The MEA only allows school employees to opt out of paying dues or fees during the month of August, a practice that a Michigan judge has ruled is illegal. Actual enforcement of the judge’s ruling requires action by the Michigan Employment Relations Commission, which has indicated it will comply.

Under the Michigan right-to-work law that took effect in 2013, employees in a unionized workplace must notify the union in writing that they do not wish to pay dues or fees. The obscure post office box appears



to be a new barrier to exit, on top of the (apparently illegal) one-month opt-out hurdle. Despite the obstacles, the MEA lost over 5,000 members last year.

The Mackinac Center for Public Policy obtained a letter the MEA sent to school employees who mailed their opt-out notices to the union’s regular address, which denied the application because the member did not follow the “proper procedure.” One school employee who wanted to opt out confirmed to the Mackinac Center that the

MEA said the opt-out request would not be honored unless it was sent to the mystery post office box.

“Perhaps the stampede of school employees wanting to leave makes the union feel a need to set up a whole new separate post office box just to handle the volume,” said Derk Wilcox, an attorney with the Mackinac Center Legal Foundation. “But the MEA isn’t allowed to toy with school employees by playing a shell game with resignations. The Mackinac Center Legal Foundation is prepared to demonstrate this in court — yet again — to ensure that teachers are not blocked from exercising their rights under the law.” ■

The original version of this story was posted online on Aug. 20, 2015. It is available with hyperlinks and more info at MichCapCon.com/21644.

KEEPS SECRET

from Page One

The roots of the situation are found in the 1995 law that created the Michigan Economic Growth Authority and authorized it to give selective tax credits to firms chosen by a board of political appointees. The law required this entity to annually report the following:

- The total amount of capital investment attracted by the program.
- The total number of new jobs it generated.
- The total number of new tax break agreements.
- The name and location of businesses granted the selective benefits.
- The amount and duration of the tax credit for each corporate beneficiary.

Four years later, management of MEGA operations was assumed by a new entity, the Michigan Economic Development Corporation. For roughly a decade after that, the MEDC kept filing the annual reports as prescribed by the MEGA law, including the amount of benefits each business received. Then, sometime around late 2008 or early 2009, the agency stopped disclosing how much each business was given.

The current communications director of the MEDC told Michigan Capitol Confidential last spring that someone in the agency asked the attorney general's office if it should continue to disclose

this information. Someone in the office responded that it should not. But this exchange was all verbal.

Was the "stop disclosing the numbers" advice based on a new interpretation of the State Revenue Act (which makes tax return information confidential)? Or was it in response to an outside change that had some bearing upon that law, or fear of prospective litigation, or something else altogether? No explanation has been offered.

When MEGA was enacted in 1995, its authors specifically prescribed company-level reporting requirements. At that time, the Revenue Act's tax confidentiality provision was already on the books, so presumably it was not regarded as a stumbling block.

If it had been a stumbling block, though, nothing prohibited the Legislature then and nothing prohibits it now from changing this taxpayer confidentiality provision to exclude selective business subsidies delivered through the tax system. Alternatively, MEGA's creators could have made full public knowledge just part of the deal for corporate beneficiaries.

About the same time those verbal exchanges were occurring, the Legislature and former Gov. Jennifer Granholm were in a frenzy of handing out new MEGA tax credits. Earlier this year it was disclosed that Michigan taxpayers are on the hook for \$9.38 billion worth of these benefits,

most of which will probably be paid out in cash (how much is part of the secret), representing an unfunded liability that won't be extinguished for nearly 20 years.

Ironically, at the same time the Legislature was trying to extract additional information from the agency, it enacted two bills (Public Acts 124 and 125 of 2009) which required the MEDC to disclose information, including the amount received by individual MEGA beneficiaries. But it is required only to report this to the chairmen of the House and Senate appropriations and tax committees, and to the Senate and House fiscal agencies.

Another provision prohibited any of these players from disclosing company-level information, subject to five years in prison and a \$5,000 fine. In other words, just a handful of individuals could see the data and none of them dared share it with others, presumably not even fellow lawmakers.

This is not real transparency, and it also appears to contradict the intent and language of the original reporting requirements. It may just be that with the public increasingly skeptical of corporate welfare, such contortions have become an inherent byproduct of the exercise.

Whether willfully or unwittingly, the Legislature created this situation, and nothing prohibits lawmakers from reforming it now. All that's required

is the political will to pass a bill with 56 votes in the House, 20 in the Senate and the governor's signature.

"That's never been in doubt; it could be done through statutory changes," said Rep. Jeff Irwin, D-Ann Arbor. "As things are now, lawmakers don't get enough information to assess the value of MEDC projects. We can't tell whether what they're doing is maximizing opportunities for economic impact when we can't even see the data. It really bothers me that those who criticize MEDC could be cherry-picking the projects they focus on to make everything look like another Solyndra. But without having the basic information, we really can't even begin to engage in the argument."

Rep. Martin Howrylak, R-Troy, said it is the Legislature's job to make sure the MEDC meets transparency standards.

"As currently constituted the MEDC process lacks proper oversight and is not transparent," Howrylak said. "I look at it from the public's standpoint. Regardless of what else may be said, when the Legislature is allocating public funds we have a responsibility to the taxpayers to provide accountability." ■

The original version of this story was posted online on Aug. 3, 2015. It is available with hyperlinks and more info at MichCapCon.com/21582.

CASH IN

from Page Four

with everything else, but if there is a truck that is stopped, for whatever reason, we just want to be able to inspect it."

Police say they need to retain the money from fines to subsidize the inspections.

According to Capt. Michael Krumm of the Michigan State Police Commercial Vehicle Enforcement Division, 30 officers from 22 local police departments have been through the department's two-week inspection training program. To retain certification an officer must conduct 32 "level one" truck inspections a year, and some of those inspections must cover hazardous material. A level one inspection can take 40 to 90 minutes.

Somerset Township is a community of 3,400 residents covering 36 square miles and has an annual budget of \$1.6 million, of which \$186,000 is spent on the police department. While U.S. Route 12 passes

through the middle of the township and can be considered an alternative to Interstate 94, Biel cannot recall any major truck crashes that would warrant more safety enforcement.

It may be that the township wants to use truck inspection fines to beef up its police department in general. The officer who was trained in the state's inspection program was hired as a part-timer last fall, according to Biel. In February, he went through the inspection program and now his position is full time. To stay certified, the officer will have to spend 47 hours per year inspecting trucks.

Biel says inspections will probably not occur until the ordinance is considered. Truckers believe the local inspections will have a devastating impact on their business.

"Trucking citations can range from several hundred dollars to several thousand dollars and improper out-of-

service orders can delay goods from being picked up and delivered," said Matousek. "The result is increased costs to ship the food we eat, the clothes we wear, and the cars we drive and in the end, consumers pay for it."

The Michigan State Police employ 103 officers who work exclusively on commercial vehicle enforcement. Inspections can occur on the road or at one of the state's 14 weigh stations. Overweight truck inspections are a separate process, and require certified scales that can cost \$10,000 per set, according to Krumm.

Somerset has no plans to purchase scales, and just doing truck safety inspections adds few additional costs. Biel says if it did not have an officer with the proper training, the township would have to rely on a commercial vehicle enforcement officer from the state, which adds to the time involved.

According to Krumm, only four of the

22 local police departments that had been trained met the requirements to stay certified last year.

One of these was the city of Marshall. Deputy Police Chief Scott McDonald says the city's inspection program works well and the city has reduced the revenue incentive by imposing a \$250 cap on truck fines. Matousek of the independent truckers group is not familiar with the Marshall program but is unimpressed by the cap.

"The government tells us \$250 today but next year they could just as easily raise it to \$350, and so on. And \$250 is still an incentive if you're pulling over every truck that comes through town. Heck, there might even be more incentive to pull over more trucks since the fine is capped," he said. ■

The original version of this story was posted online on Aug. 7, 2015. It is available with hyperlinks and more info at MichCapCon.com/21618.

Teacher Quits, Rips GOP ‘Goons’ — Who Gave Her District \$5.3 Million Extra Despite Fewer Students

Teacher claims to ‘barely scrape by’ on \$63,100 salary

BY TOM GANTERT

A Michigan teacher is receiving national media attention for going public with her resignation, claiming that “Gov. Rick Snyder and his Republican goons took over Michigan and declared war on teachers.”

Plymouth-Canton teacher Stephanie Keiles penned her resignation “Why I Can No Longer Teach In Public Education,” which was picked up by MLive, The Washington Post and Huffington Post.

She claims there has been a “chronic, purposeful underfunding of public schools” and that she barely scrapes by on a \$63,000-plus salary.

However, her district has received \$5.3 million more in state funding spread over the last four budgets approved by the GOP-controlled Legislature than what it received in Democratic Gov. Jennifer Granholm’s last



budget in 2010-11, according to the Michigan Department of Education.

The Plymouth-Canton school district received that extra \$5.3 million (or an average of an additional \$1.3 million each year) despite seeing an enrollment decline of 1,366 students in those four years. In Michigan, school funding is allocated largely on a per-pupil basis. Based on Plymouth-Canton’s \$7,201 per-pupil

foundation allowance, a loss of 1,366 students in 2014-15 would equate to a loss of \$9.9 million. But instead, the state pumped an extra \$5.3 million into the district over those four years — a swing to the good of \$15.2 million over the baseline of the last Granholm budget.

Also, Keiles claims “my take-home pay has been frozen or decreased for the past five years.” However, the school district said teachers received a pay raise in

2014-15. Keiles made a salary of \$63,171 in 2013-14, according to a Freedom of Information Act request put in to the state. A Plymouth-Canton official confirmed all teachers received some sort of raise in 2014-15. In Keiles’ case, that would have been a half-step raise, which amounts to about \$1,300. Keiles’ starting salary in 2006 would have been \$39,954. In her nine years, Keiles’ pay would have increased by an estimated \$24,500.

MLive, The Washington Post and Huffington Post all carried the op-ed. But none checked to see if the claims made by Keiles were accurate, or listed her teaching salary.

While Keiles claims that Republicans have underfunded schools, the state of Michigan has increased state dollars to K-12 education overall during Snyder’s four budgets.

And Keiles’ district has been a benefactor.

Plymouth-Canton received \$118.0 million in state funds in 2010-11 and had 18,873 students enrolled. The 2010-11 budget was the last under Granholm. It was a GOP controlled Legislature that increased state funds to Plymouth-Canton. The district received \$118.5 million in 2011-12, \$118.4 million in 2012-13, \$119.3 million in 2013-14 and \$121.5 million in 2014-15. The district’s enrollment had dropped to 17,507 in 2014-15.

Keiles also suffered from the rigid pay scale in the union-negotiated teachers contract, which starts all first-year teachers at the bottom regardless of their teaching prowess.

So Keiles, who started her first teaching job at age 40, had to start at the bottom of the scale. In Michigan, almost all teachers compensation is based on years of service and level of education attained. ■

The original version of this story was posted online on Aug. 14, 2015. It is available with hyperlinks and more info at MichCapCon.com/21629.

No Evidence Michigan Business Owners Support New EPA Mandates

BY JACK SPENCER

An environmental advocacy group is promoting what has all the markings of a rigged survey and presenting it as a poll that shows 68 percent of Michigan business leaders (owners, presidents, managers and so on) support President Barack Obama’s Clean Power Plan.

According to the storyline, the 68-percent figure was the finding of a survey of 403 Michigan business leaders conducted by California-based Fairbank, Maslin, Maullin, Metz & Associates on behalf of Environmental Entrepreneurs, a national group that bills itself as “The Independent Business Voice for the Environment.”

But the poll’s methodology was not released and the group

did not respond to a request for comment.

Who those 403 business leaders were or how they were selected remains a mystery. Whether the poll was a randomly selected group, a representative sample, or a prearranged list of business owners with certain political leanings and environmental interests could not be determined.

An Internet search reveals that Fairbank, Maslin, Maullin, Metz & Associates, often referred to as FM3, conducts numerous surveys of all sorts across the nation, many of which, like this one, supposedly measure support for environmental initiatives. These FM3 surveys display a remarkable propensity for finding that the initiatives

involved enjoy popular support.

Michigan Capitol Confidential telephoned FM3’s office in Santa Monica, California, asking to speak with someone to find out the methodology of the Michigan Business Leaders poll. The response was that the best person to talk to was in the Oakland, California office and that the person would call back. So far, nobody has called.

“My first question would be, ‘Who was polled?’” said Amanda Fisher, assistant state director with the National Federation of Independent Business in Michigan. “The next

thing I’d ask them would be, ‘What were your questions?’”

“There are well over 500,000 small businesses in Michigan, and our experience is that the majority of small businesses we represent do not agree with the recent EPA rules,” Fisher continued. “These rules will basically eliminate several power plants due to the cost of bringing them into compliance.

That will only raise the cost of energy for small business in Michigan once again. As Michigan works to create a business environment that encourages job growth, unelected bureaucrats in the

Entrepreneur Prevention Agency (EPA) continue to churn out policies that cost the average person as well as businesses more and more money.”

An article about the poll quotes Rachel Tronstein, president of Gardner-White Furniture Inc. in Auburn Hills, as an example of a business leader who enthusiastically supports the new EPA rules.

But according to Crain’s Detroit Business, Tronstein’s background is not simply that of a person running her family’s local furniture company. She formerly worked on renewable energy and energy efficiency at the Clinton Foundation and the U.S. Department of Energy.

In addition, the article cites



RHETORIC GUIDE

from Page Six

about water first and foremost. Water cannot be stressed enough, and really it doesn't matter how you say it. In fact, voters prioritize water as a critical reason to purchase and protect land, no matter how it is expressed: vast majorities of those polled see it as 'very important' to buy land to protect drinking water quality (84 percent); improve the water quality in our lakes, streams and rivers (75 percent); protect lakes, rivers and streams (72 percent); and protect watersheds (66 percent)."

"Moreover, water is tops in every region (not just the perennially thirsty West) and rates just as high in big cities (85 percent very important) as rural areas (84 percent). Most importantly, this data substantiates one of the things we heard in focus groups throughout the West — voters closely link land conservation with protecting water."

2013 — *"Do turn voters' views of a tough Mother Nature to your advantage — by showing how conservation of critical natural defenses keeps communities safe.* Whether wildfire, flooding, or hurricanes, voters tend to think of nature as being a force with which to be reckoned. That 'one tough lady' image can pose problems — the concept of 'resilience' actually serves to make voters less likely to feel we need to engage in restoration projects in recent focus groups along the Gulf Coast — but can also be an advantage. The idea that 'natural defenses' can serve as flood controls or storm-barriers is credible and resonates from Louisiana to North Dakota."

2013 — *"Do not count on public support for conservation unless you work to make it happen.* Conservation is less of a concern today than in the recent past; economic issues have pushed it further down the list of most pressing concerns in voters' minds. While voters value land, water and wildlife and want to conserve them, issues related to conservation simply are not everyday concerns for them. In recent research in six western states, we found that a majority (54 percent) admitted they had no idea of the position their Member of Congress has taken on protecting land and water."

2013 — *"Do not focus on 'green' jobs as a primary rationale for conservation.* While the economy still tops voters' priorities in our own polling, voters continue to find other traditional aspirational rationales for conservation more resonant — like leaving a legacy for future generations and protecting sources of clean air and water. In addition, some of the language used to describe these jobs can be off putting. Many do not understand the term 'sustainable' for instance. Similarly, many voters are tired of the term 'green.'"

2004 — *"Do not use 'endangered species' as interchangeable with wildlife — voters view them differently.* While voters are broadly supportive of protecting wildlife, the focus groups demonstrated that 'endangered species' is a more polarizing term. Voters can point to examples where environmental regulations have held up important projects in order to protect what many deem to be obscure and unimportant species."

2004 — *"Do not say 'open space.' 'Open space' is not one of the better terms to use in the vocabulary of conservation, and 'urban open space' is even worse.* In the focus groups, voters perceived 'open space' as empty land, not near them, and did not necessarily see how they benefited from it or could use it. 'Urban open space' was perceived as a bench between skyscrapers, or an abandoned lot."

2004 — *"Do not use the threat of 'sprawl' unless with core supporters.* In the focus groups, 'sprawl' tended to elicit the most emotionally negative response of any words or phrases tested. However, it rated weakest of anything tested as a reason a state or local community should buy and protect land from development (only 41 percent rate it as a very important reason). 'Reducing sprawl' as a goal rates only slightly higher among urban voters (46 percent), but among more liberal audiences and traditionally more liberal urban areas, 'sprawl' can resonate. Fully 51 percent of self-described liberal voters nationally rate 'reducing sprawl' as a very important reason for their state or local community to buy land and protect it from development. In addition, voters living in mostly coastal urban centers — from D.C. to Boston, the entire West coast, and along the Great Lakes (Chicago, Detroit and up to Buffalo) rate sprawl 15 points higher than those in the interior U.S. or along Southern coasts."

2004 — *"Do not allow your effort to be positioned as anti-growth.* The focus group research points to voters viewing growth as inevitable. They want growth that is well-planned, responsible, and does not negatively impact their overall quality of life. In fact, 'protecting quality of life' is the fourth highest rated reason for government to fund land conservation (70 percent very important reason)."

Fairbank, Maslin, Maullin, Metz & Associates (FM3) has not as yet responded to a phone call offering it an opportunity to comment. Neither has the Nature Conservancy. ■

The original version of this story was posted online on Aug. 28, 2015. It is available with hyperlinks and more info at MichCapCon.com/21666.

HIGH-LEVEL MARKS

from Page One

Anecdotally, evidence of lake level fluctuations also can be found in countless 8 millimeter home movies shot over the past 80 years when families visited beaches. In addition, measurements reported in newspapers dating back to the mid-1880s indicate a history of fluctuations.

This history is consistent with sedimentary evidence that reveals water level fluctuations going back to the beginning of the modern Great Lakes era, or roughly 4,000 years ago.

During the most recent low-level period (1999-2013), which lasted longer than the previous three, climate-change activists and politicians such as Sen. Dick Durbin (D-Ill.) insisted that global warming was at work.

But according to Corps data, the lowest Great Lakes water levels recorded came long before the words "global warming" or "climate change" entered the political lexicon. The lowest observed level for the month of July came in 1926 for Lake Superior, 1964 for Lake Michigan-Huron, and 1934 for lakes Erie and Ontario. Notice the conspicuous absence of the years 1999 to 2013.

The Corps has tabulated the monthly highs and lows for each lake. With four Great Lakes to measure (remember, Michigan and Huron are considered one lake for hydrologic purposes), that translates into 48 monthly records for low-water levels. How many were recorded recently?

"There were four monthly low-water-level records set during the recent lower-than-average period," said Keith Kompoltowicz, chief of watershed hydrology for the Corps in Detroit. "Two were set for Lake Superior in August and September of 2007 and two were set for Lake Michigan-Huron in December 2012 and January 2013."

"For Lake Michigan-Huron, all of the other record lows were set back in 1964," Kompoltowicz continued. "For the other lakes, some of the low-level records were set in the earlier (mid-1920s and mid-1930s) low-level periods or during the one in the 1960s."

An article written by the chief meteorologist of statewide media outlet MLive claimed that if water levels on the upper Great Lakes rose in the fall of 2014, it would be only the fifth time such a rise had occurred in 155 years. Kompoltowicz was asked if he knew who had been tracking Great Lakes water levels for 155 years.

"There have been people keeping track of Great Lakes water levels longer than the Army Corps of Engineers has, some dating back to about the 1860s," Kompoltowicz said. "Whether they've done it consistently, on a monthly basis, I can't say. I think most of them have relied on a single gauge at a certain location. The Army Corps of Engineers uses multiple gauges at various locations. A potential problem with using just a single gauge is that factors such as wind direction can affect readings."

According to the U.S. Geological Survey, the recorded levels have been affected not only by natural causes, but also by government regulation. Water levels in Lake Superior have been regulated since about 1914 and levels of Lake Ontario have been regulated since about 1960. For example, according to the agency, unregulated Lake Michigan-Huron and Lake Erie had extremely high-water-level peaks in 1929, 1952, 1973, 1986, and 1997, and extremely low levels in 1926, 1934, 1964, and 2003. But some of those extreme levels, especially the lows, were muted in Lakes Superior and Ontario after regulation began. ■

The original version of this story was posted online on July 10, 2015. It is available with hyperlinks and more info at MichCapCon.com/21523.

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Number of Michigan Schools Privatizing Services Grows to 70 Percent

BY JAMES M. HOHMAN AND JONATHAN MOY

There are more Michigan public schools contracting out food, custodial or transportation services than ever, according to the Mackinac Center's latest survey of school districts. This year, 70.8 percent of school districts use private-sector vendors to clean buildings, get kids to school, or cook and serve school meals. This is up from 66.6 percent the previous year.

Getting more of the private sector involved in a supporting role in school districts is a long-term trend. In 2001, only 31 percent of districts contracted out these services and it took a decade before more than half of districts contracted out.

Our survey was performed between May 18, 2015, and August 4, 2015, and received responses from every Michigan school district for whether it used private-sector vendors to provide food, custodial or transportation services.

The biggest change has been in custodial services. Our 2003 survey found only 34 districts contracted out this service. In 2015, 283 of Michigan's 542 districts contracted out these services.

School food services are highly-regulated enterprises and the federal government subsidizes meals for many children.

	2013	2014	2015
Custodial	46.8%	47.2%	52.2%
Food	36.1%	38.5%	42.8%
Transportation	20.4%	23.7%	26.6%

There are a few companies that have specialized in helping districts provide this service. In 2003, 27.3 percent of districts contracted out these services. This proportion increased to 42.8 percent in 2015.

But it is not exclusively large firms that offer their services to districts. For instance, the Dalwhinnie Bakery and Deli on Beaver Island provides food services to students at the Beaver Island Community School.

There is a growing number of school districts that use private-sector contractors to bus students to and from schools. There were 18 districts that began new transportation contracts between the 2014 survey and the 2015 survey and now 144 of Michigan's 542 districts (26.6 percent) contract out this service.

In addition to specialized knowledge and experience of vendors, there are other considerations regarding the contracting of services such as increased economies of scale in purchasing and tested management techniques that can help districts save

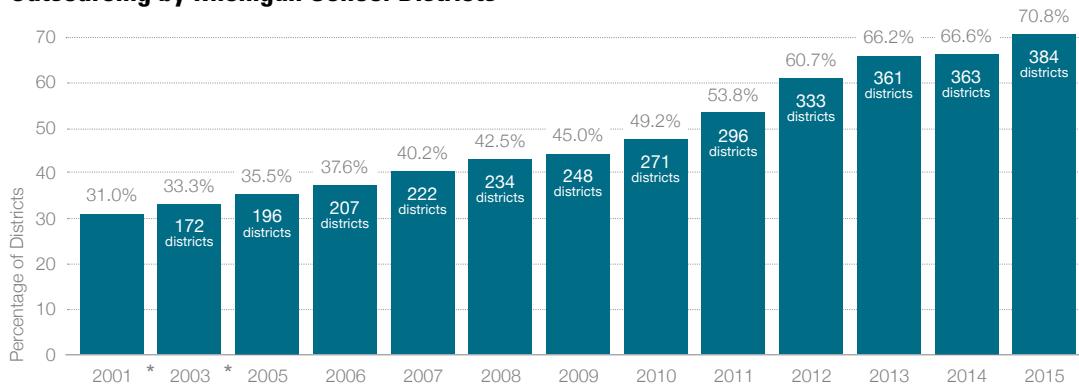
money. Unfortunately, the underfunding of the school pension system weighs the cost-benefit calculations in favor of private-sector provision of services.

Schools are required to send between 28 and 33 percent of payroll to Lansing to cover the costs of retirement benefits. The bulk of these payments goes to paying down unfunded liabilities in the system. When a district contracts out employees, their retirement benefits tend to cost between 5 and 7 percent of payroll, resulting in substantial savings from contracting out, regardless of any other changes.

The growth of private-sector vendors providing their services to school districts allows school officials to spend more of their resources on educating students. Our survey shows that contracting out for support services has continued to increase over time. ■

The original version of this story was posted online on Aug. 17, 2015. It is available with hyperlinks and more info at MichCapCon.com/21635.

Outsourcing by Michigan School Districts



* Data were not collected in 2002 and 2004.

Politicians Misrepresent Road Funding Bills to Promote Tax Hike

JAMES M. HOHMAN

In Lansing, reducing the rate of a projected spending increase is considered a "budget cut." It is no surprise, then, that when the two chambers of the Michigan Legislature each passed a plan to allocate a slice of future revenue to the road repair budget, some people cried foul. Under the political logic of the state capitol, those plans by definition cut spending for other areas in the state budget — even though the only question for those other areas is likely not "Will they have less money than today," but rather "How much will they grow?"

Both the House- and Senate-passed bills have been subjected to this odd criticism.

Gov. Rick Snyder is one of those criticizing, stating, "You should also say where you're going to cut because I think that's going to be one of the challenge points."

He is not alone. Senate Minority Leader Jim Ananich (D-Flint) said of the Senate

plan, "You can't break the rest of the system to pave the roads."

This characterization sounds odd to taxpayers because even with a shift, the state would gather the same amount of money. The proposals would simply allocate some of the growth of income tax revenue to a different area of the budget. Overall spending levels would not be disturbed by the earmarking.

The talk of "cuts" misrepresents how the state budget works and invariably moves the conversation toward higher taxes. It also presupposes a static state economy in which state government's revenues do not grow. In reality, that growth should be more than enough to cover the proposed earmarks. To claim otherwise is to assume that the economic growth Michigan has enjoyed since 2010 will soon come to an end.

But in fact, the state is now collecting more income tax revenue year after year. This

See "Misrepresent," Page 12



MAKE ENDS MEET

from Page One

professional growth, little opportunity to increase your personal income, no step increases, no bonuses, no inflation pay rises, rising health care costs and more requirements to take college level classes to get up-to-date endorsements.”

Except, that’s not accurate. Rochester Community Schools teachers did experience a freeze in their automatic, seniority-based “step-increase” raises in 2013-14, but the raises continued in 2014-15, with additional step increases

scheduled in each of the remaining four years of the current union contract.

While the story didn’t mention how much the teachers who were featured get paid, these figures are a matter of public record. Malsbury was paid \$87,349 in 2014-15. Satterthwaite herself collected \$65,987 from the school district. Under the district’s union contract these compensation levels were for 184.5 work days.

The Rochester contract has 20 annual “steps” in its pay scale, so teachers have some idea of approximately how much more they will earn for each year they remain on

the payroll. Some of these seniority-based raises are as high as 5.5 percent, but in most cases they run between 3 percent and 4 percent. Teachers with more than 20 years on the job received bonuses ranging from \$450 to \$550.

Rochester Community Schools confirmed in an email that the provisions in the teachers’ contract as posted online were accurate.

Malsbury didn’t respond to questions sent to her work email.

The story also featured another Rochester teacher, Erin Slomka, who was quoted as saying it’s sad that teachers aren’t able to survive on one

income. Slomka collected \$61,741 in 2014-15.

Hudsonville teacher Lori Humphrey was quoted in the story as saying she knew several teachers selling skin care products on the side to make up for pay freezes.

But according to her district’s union contract, Humphrey didn’t have to endure pay freezes. She was paid \$80,472 in 2014-15. The three-year contract specified 183 work days, and also included step raises for each year. An example provided in the contract text spells out how step increases work, so that eligible teachers will get a 7.7 percent salary increase in the 2016-17 school year.

The teachers’ salaries reported in this story were provided in response to a Freedom of Information Act request sent to the state of Michigan, which included a database of public school employees that are a part of the Michigan Public School Employees’ Retirement System (MPSERS). The figures cited here do not include health insurance and retirement benefits also given to school employees. ■

The original version of this story was posted online on July 29, 2015. It is available with hyperlinks and more info at MichCapCon.com/21564.

NO EVIDENCE

from Page Nine

the following businesses as supporting the EPA rules: Brewery Vivant (an upscale beer establishment in Grand Rapids), Michigan Solar Solutions,

J. Ranck Electric, Boyce Hydro, Michigan Biomass and Heritage Sustainable Energy.

By their names alone, most of these businesses can be identified as likely to have reason to support the EPA rules. What is not clear is whether

these businesses were among the 403 in the FM3 survey. If they were included, one must ask: Is it more probable that they were selected from among the state’s half-million businesses by random chance, or is it more probable that they

were recruited ahead of time to be participants?

Obviously it is very important to the environmental movement to create a widespread belief that its various schemes are seen by business owners as business-friendly. But it appears that the

only way of producing evidence is to concoct it. ■

The original version of this story was posted online on Aug. 15, 2015. It is available with hyperlinks and more info at MichCapCon.com/21631.

MISREPRESENT

from Page Eleven

levy is expected to bring in \$1.2 billion more in fiscal year 2017 than last year. The increase is more than either the House-passed or Senate-passed plan recommends for diverting to roads.

Neither plan guarantees that revenues will come in as expected, just that road funding gets priority for portions of it. Policymakers will be able to adjust as new information comes in. Revenue estimates are updated twice yearly and

exactly how much revenue will increase is subject to how the economy fares.

Both the House and the Senate plans phase in the income tax earmark, with the House plan devoting \$792 million in fiscal year 2019 and the Senate plan devoting \$700 million in fiscal year 2018. The Legislature has already earmarked \$400 million in non-road tax dollars for roads for the upcoming fiscal year, so the first \$400 million of either plan represents essentially no change from current policy. Ignoring this point is one way

of overstating the impact of either the House or the Senate plan on the rest of the budget.

If there were looming fiscal crises that demanded all the extra cash that’s expected to arrive into the state treasury, then critics may have a valid argument. But while new challenges may arise, there are also favorable budget trends underway.

For example, the state has fewer prisoners. There are fewer state employees. State economic growth has meant fewer people applying for government assistance, though the

Obamacare-driven expansion of Medicaid will mean some increased spending. And while government pension costs are still high due to current and past underfunding, this expense has tapered off recently.

State spending interests would prefer large (or larger) taxes on fuel and vehicle registration rather than reprioritizing existing revenue streams. But they must also know this option is less likely after the resounding defeat of Proposal 1.

Michigan can use more of its projected revenue increases for

road repairs and experience few or no cuts in other areas of the budget. Those who refuse to accept this possibility may be less concerned about so-called cuts and more miffed that extra money they hoped to spend on other programs would go to roads instead. They need to be reminded that a reduction in the rate of a program’s increase is not a “cut.” ■

The original version of this story was posted online on Aug. 17, 2015. It is available with hyperlinks and more info at MichCapCon.com/21634.

Michigan Leads the Country in Unemployment Recovery

BY TOM GANTERT

Since the end of the Great Recession, Michigan has experienced the largest decline in unemployment of any state, according to data from the U.S. Bureau of Labor Statistics.

Michigan's unemployment rate has fallen 9.6 points from its June 2009 high. The rate was 14.9 percent then, while the current rate is 5.3 percent (as of July). The state also leads the nation in the percentage decline of the number of people who are unemployed — a 66 percent drop over that same time period.

Indiana's unemployment rate fell six points, the nation's second-largest decline after Michigan. Idaho saw a 55 percent decrease in the number of unemployed people, the second-largest decline in that metric.

There were 737,250 unemployed people in Michigan in June 2009. As of July, the figure had fallen to 249,158.

"Michigan's economy has done very well in creating jobs since the end of the Great Recession," said University of Michigan economist Don Grimes.

But Grimes said down the road there could be two problems for Michigan.

The state's gross domestic product growth has lagged behind its employment growth, Grimes said in an email.

"This means the growth in the state's productivity is not doing as well as these other metrics show," he said. "Second, we have a low and declining labor force participation rate (and a very slowly growing population) which is why the ranking with respect to the change in the unemployment rate is even better

than the ranking in terms of job growth. Unless this changes we are going to run out of potential workers very soon."

James Hohman, the assistant director of fiscal policy at the Mackinac Center for Public Policy, performed the analysis of federal data, revealing the dramatic decline in the state's unemployment.

"At some point, tight labor market conditions are going to encourage people to enter the work force, or encourage people in other states to move to Michigan for jobs, finally reversing a long-standing out-migration trend," Hohman said. ■

The original version of this story was posted online on Aug. 31, 2015. It is available with hyperlinks and more info at MichCapCon.com/21671.



FORtheRECORD

Michigan Marked Down in National Rankings

The Center for Education Reform (CER) released its 2015 Parent Power Index and the state of Michigan remained ranked at 13th in the country. Michigan was No. 13 last year and No. 11 in 2013. Indiana was the top-ranked state while Montana was deemed the worst in 2015.

The Washington, D.C.-based organization ranks states on a 1-100 percentile based on a state's record on charter schools, school choice, online learning, teacher quality and transparency.



ForTheRecord says:

Michigan is hurt in the rankings due to a state constitutional amendment that prohibits the use of public money for private schools. CER gave Michigan a 0-percent for school choice largely due to offering no public funding for children who wish to learn at private schools. But Michigan received a 95-percent for charter schools, a 72-percent for online learning, an 82-percent for teacher quality and a 100 percent for transparency.

Raise Taxes? State Budget Already Projected to Get \$2.7 Billion Extra in Taxes

Michigan Democrats and a new ballot initiative campaign are promoting tax hikes to pay for road repairs. The union-funded Citizens for Fair Taxes is collecting signatures to place on the ballot an increase in the state's corporate income tax from 6 percent to 11 percent. That would reportedly generate an extra \$900 million a year, which the measure earmarks to roads. If the campaign gets the required number of signatures, the measure would be placed before state legislators, and if they did not pass it (a virtual certainty) it would then go on the 2016 statewide ballot.

Democrats are also pitching a plan to increase the state's corporate income tax from 6 percent to 9 percent, which reportedly would extract around \$530 million more from business enterprises.

ForTheRecord says:

The state's fiscal analysts project that revenue from Michigan's main taxes will continue to increase. The annual haul from these taxes has increased from \$21.4 billion in 2013-14, to a projected \$22.5 billion in 2014-15. Official estimates are that it will continue rising, to \$23.2 billion in 2015-16 and \$24.1 billion in 2016-17. The state Senate Fiscal Agency projects that state taxes will bring in an additional \$1.6 billion in tax revenue in the 2016-17 fiscal year compared to the one that ends this Sept. 30. Projections are not guaranteed, but for six consecutive years state revenues from state sources have increased (this does not include federal money).

Car Crash Deaths Have Decreased for 50 Years

A recent Michigan Public Radio story on an increase in the number of fatal car crashes was titled: "Side effects of better economy: more traffic deaths." The story cites a 14 percent increase in traffic deaths in the U.S. so far this year compared to the same period in 2014.



ForTheRecord says:

While the article did describe the reduction in drunken driving deaths, it was silent about a 50-year trend that has seen dramatically lower overall traffic death rates. In 1964 there were 2,122 deaths in Michigan from motor vehicle crashes, and the death rate per 100 million miles traveled peaked at 5.5, according to the Michigan State Police. Technological and road safety improvements lowered that toll to just 951 in 2013, the most recent data available, with just one person killed for every 100 million miles traveled. Driving on Michigan roads has never been safer.

Subsidies Stop for Michigan's Film Industry

BY JARRETT SKORUP

On July 10, 2015, Michigan was officially out of the business of handing out film subsidies. A bill supported by nearly every Republican in the House and Senate (and joined by one Democratic House member) prevents the state film office from handing out any new incentives.

This is quite a turnaround for the state.

In 2008, in the midst of Michigan's "Lost Decade," legislators voted 145-1 across both chambers to send a bill establishing a film subsidy program to Gov. Jennifer Granholm. Only Sen. Nancy Cassis (R-Novi) resisted Hollywood's allure. Granholm, a huge promoter of the incentives, enthusiastically signed the most generous film subsidy program in the nation.

"This program is designed to attract studio lots and production houses that will be employing people and growing an industry to support the short-term filming that happens on location," Granholm said in a news release announcing the signing. "We've seen the excitement that is generated when a movie is filmed on location. ... We want to turn that excitement into jobs."

It didn't turn out that way — at all. Instead, politicians' excitement turned into no permanent jobs, special favors for politically connected big players, the raiding of funds from necessary government services and 475 million wasted taxpayers' dollars.

Initially, the state's program granted a refundable tax credit (essentially a subsidy) of up to 42 percent of a film's cost. Over the life of the program, the vast majority of this money went to out-of-state production companies. For the first three fiscal years, with no legislative cap on spending, the Michigan Film Office was spending over \$100 million per year on the program.

As measured by the federal Bureau of Labor Statistics, the state had 1,663 direct film jobs in 2008 and 1,561 in 2014. While there was a small uptick in film jobs in Michigan for a brief moment over this period, these jobs didn't last.

That's been the typical story nationally — Hollywood production companies



play states off each other to garner the best deal possible. In other states, when lawmakers want to eliminate or even cut back on incentives, powerful special interest groups representing production companies threaten to avoid the state altogether.

The Mackinac Center has long questioned all special tax credit and subsidy programs, but filmmaking is an especially transient industry. For that reason, many scholars consider state subsidies of the industry to be one of the worst uses of public funds. Our research shows the Michigan program to have high costs and few gains. The Senate Fiscal Agency found in 2011 that the state spent \$125 million for a return of about \$13.5 million — meaning taxpayers got back 11 cents on the dollar.

Nationally, experts across the ideological spectrum agree. The fiscally conservative Tax Foundation notes that movie production credits result in "small returns and take unnecessary risks with taxpayer dollars."

The Center on Budget and Policy Priorities is a left-leaning think tank. Robert Tannenwald, a professor at Brandeis University and former economist and officer at the Federal Reserve Bank of Boston, wrote a 2010 study for the CBPP which reports:

"Like a Hollywood fantasy, claims that tax subsidies for film and TV productions — which nearly every state has adopted in recent years — are cost-effective tools of job and income creation are more fiction than fact. In the harsh light of reality, film subsidies offer little bang for the buck."

In addition to the poor return on taxpayer investment, Michigan's film subsidy program encouraged bad behavior. At least three major movie studios were launched and failed. For instance, Hangar 42 in Walker barely got off the ground before faltering amid felony charges and fraud allegations against the developers of the property. The Mackinac Center broke the story leading to the studio being shut down.

Unity Studios in Allen Park received tens of millions of taxpayer dollars — a combination of local and state funding — and promised thousands of jobs. But the middle-class suburb of Detroit nearly went bankrupt after the studio failed. An emergency financial manager had to clean up the mess, resulting in major cuts to city services.

The Pontiac-based company Michigan Motion Picture Studios entered into a special deal with former Gov. Jennifer Granholm putting the state pension systems on the hook if it missed bond payments. When the studio flopped, the state's pension funds for state workers and public school employees were raided to pay off the studio's creditors.

Despite these disasters, Michigan's film incentive program did lead to some economic development. If the government pumps enough money into any industry, there are bound to be some economic effects. But the question remains: Is subsidizing one politically favored industry a good use of taxpayers' money? The state could, for example, successfully attract new investments in agriculture by subsidizing the growing of oranges on Belle Isle. Michigan's orange industry would certainly grow, but wouldn't it be better to leave that business to farmers in Florida and California?

To evaluate the real economic effects of any government program one must consider both, in the words of the 19th-century French political theorist Frederic Bastiat, "what is seen and what is not seen." In other words, any positive economic effects resulting from giving \$475 million to the film industry must be weighed against the effects of that same money being spent on different

government programs or being spent or invested by taxpayers themselves.

In the end, politicians' hopes of using the film subsidy money on a different government program may have been what finally killed Michigan's film program.

Michigan's May 2015 ballot proposal, Proposal 1, would have hiked taxes \$2 billion in order to generate \$1.2 billion more in funds for roads. It suffered a historic loss — 80 percent of voters rejected it. Reeling from this, legislators were forced to look elsewhere for road funding, and the \$50 million per-year film program was low-hanging fruit.

Abiding by our free market principles, the Mackinac Center fought the film incentive program from the beginning. In an article titled "Legislators' Hollywood Dreams Defy Economic Reality" and written shortly before the program was created, policy analysts Jack McHugh and James Hohman wrote:

"Like all such targeted subsidy and tax break programs, the main purpose of the film handouts will be to give the appearance of 'doing something' while legislators avoid the heavy lifting of passing the broad-based tax, regulatory and labor law reform that would genuinely fix our broken economy. If they were less star-struck, legislators would finally begin the transformational restructuring and downsizing of government needed to make possible lower taxes for all job providers — not just those who hire movie stars."

Even as the credits roll on the film program, this lesson is still relevant. It is not glitzy, big-government programs that lead to true prosperity. Real economic development is spurred by the millions of decisions and negotiations by private individuals, who risk their capital in hope of future gains. Encouraging more of this activity means less government involvement in the free enterprise system. ■

The original version of this story was posted online on Aug. 4, 2015. It is available with hyperlinks and more info at MichCapCon.com/21602.

Government Waste in Northern Michigan

BY ANNE SCHIEBER

Emmet County is a vacation and retirement hot spot known for its scenic beauty. If you ask residents what needs fixing, as one recent survey did, they list preserving the area's natural resources, creating a broader job base, and maintaining the roads.

But the Emmet County commissioners appear to have other priorities, high among them borrowing and spending at least \$15 million to replace a functioning nonprofit ambulance service and building an observatory for stargazing. Leaders of the commissioners' own political party are among those expressing concern.

"They think they don't have to be accountable to the public. They think they have all the information and can make the decision on their own and there is nobody overseeing them," said Nancy Sarowski, chairman of the Emmet County Republicans.

Commissioner Charlie MacInnis, an independent, is also concerned. To get details on the spending plans and the relevant contracts, MacInnis had to use a formal Freedom of Information Act request — only to be told such documents do not exist. In the case of an ambulance substation for the reorganized fire service, MacInnis discovered there was no completed design before construction began, or even a budget for the project.

"So what was going to be \$450,000 was then going to be \$850,000 and then, according to the chairman in the newspaper, it was going to be \$970,000 and then, maybe \$1.2 million or \$1.3 million, and now it turns out it's going to be \$1.7 million," MacInnis said.

The substation is nearly complete, and will house four paramedics and two ambulances. It features separate bedrooms, a spacious kitchen, laundry and living room. The design came from a Petoskey business that specializes in million-dollar homes.

MacInnis gave Michigan Capitol Confidential a tour of the unlocked building while crews were at work. Commissioner Larry Cassidy told the Petoskey News he wanted to take action against MacInnis for trespassing and entering a building with no occupancy permit. MacInnis says that as a commissioner he had every right to see the building in its construction phase and that Cassidy's comments were typical of what he has been dealing with.

The county is building a similar ambulance substation in Mackinaw City, and a command center in Petoskey that could cost even more.

MacInnis believes the ambulance buildings will cost the county close to \$7 million in borrowed money, not counting interest or the cost of operating the stations. Ambulance service will generate some revenue but it is not known whether the system will be self-sustaining. MacInnis said money could have been saved by helping the nonprofit ambulance company that has been serving the county.

"In fact, private donors were doing their best to prop up that service because the county was underfunding the ambulance service. The money is truly flowing now," said MacInnis.

The other controversial spending item is an observatory to be built at the Headlands, a vacant

stretch of county-owned land on Lake Michigan that is popular for stargazing because it has a "dark sky" quality of low lighting. MacInnis believes the project will cost taxpayers \$9 million when construction is complete.

Like the ambulance service, it is not known whether the observatory will be self-sustaining. The economic benefits to county taxpayers or business owners are in question because the nearby hotels and restaurants are in Cheboygan County, not Emmet. County officials did not conduct a marketing study.

"The observatory is a creative, adventurous, attractive, clever thing that I'd love a nonprofit to be involved in because it is not a core function of government," said MacInnis.

How commissioners got the money to spend on these projects is also controversial. Last year, commissioners approved a 15-year, \$15 million bond issue under an existing debt authorization.

"We had a previous bond issue that was expiring. Interest rates were low enough at the time that we were able to refinance that bond issue at a lower rate. We could then blend in a new bond issue over a 15-year period without raising taxes," said MacInnis, who voted against the bond issue.

The only way the taxpayers could have stopped the bond issue was to collect signatures from at least 10 percent of county voters within 45 days of the date the commission published its intent to borrow the money. This did not happen.

"Others have argued because the public didn't object, therefore by default, the spending was OK," said MacInnis.



Emmet County Commissioners are spending millions of dollars on lavish ambulance stations and an observatory to gaze at stars. Watch the video at www.goo.gl/xSEHdh.

Jim Tamlyn, chairman of the commission, is a certified paramedic who was involved in designing the county's current 911 system years ago. He supports the public ambulance service.

Tamlyn would not agree to a recorded interview but did state that if the public so vehemently opposed the spending, none of the commissioners would have been re-elected last year. Elections for the commission are held every two years.

David Laughbaum, who challenged Tamlyn in the last election, said he lost because it was very hard to beat an incumbent.

"My dad used to say the easiest thing in the world is to spend someone else's money. Whether you spend your own money or the taxpayer's, you are in fact making a lot of friends. And I think at the time, the voters thought they could count on Jim and his conservative posture," said Laughbaum.

"He's been there for so long, everyone just abdicates their questions and concerns assuming he's been there forever, that he knows what he is doing and the spending is OK," said Sarowski, of the Emmet Republicans.

Sarowski and Tom Dryer, elections committee chairman, are actively recruiting candidates for next year's commission election.

"They (commissioners) should be asking themselves whether we

really need to be spending this much money," said Dryer.

"They've got the money. That's not the problem. The problem is being fiscally responsible and treating it like it is your own money," said Sarowski.

Finding candidates to run for commission has not been easy. Sarowski says many are turned off public office by national politics and few people have the flexibility to serve. Commissioners, who work part time, often meet in the middle of the workday.

"Even in our own party, we have a hard time getting people to volunteer and follow through and actually do something. They all like to send emails around and complain but getting someone to step up and say, I will do this, it is very difficult," said Sarowski.

She says most candidates chose to run as Republicans in a county where more than half the voters identify themselves as Republicans. She said none of the commissioners are active in the local party. Except for MacInnis, all ran unopposed in 2014.

Sarowski hopes that other challengers like MacInnis will come forward. She believes two are about to commit. ■

The original version of this story was posted online on Sept. 7, 2015. It is available with hyperlinks and more info at MichCapCon.com/21689.

UNION TRANSPARENCY: HOW TO MAKE MICHIGAN PUBLIC UNIONS MORE ACCOUNTABLE



Nathan Mehrens will explain how Michigan can fix this accountability problem by adopting a federal model that requires more disclosure by unions. Mehrens is a labor expert who previously worked at the U.S. Department of Labor and helped implement these same transparency reporting requirements at the federal level. Event inquiries: **989.698.1905** or Events@mackinac.org.

WHEN: Tuesday, October 13, 2015
11:30 a.m. - Check-in and lunch available
Noon to 1:00 p.m. - Program with Q&A

WHERE: Lansing Center — Meeting Room 201, 2nd Floor
333 East Michigan Avenue
Lansing, MI 48933

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Mackinac.org/Events

IM JUST A BILL

Michigan✓**votes.org**

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

House Bill 4580

**Let local governments selectively
revoke selective property tax breaks**

Introduced by Rep. Andy Schor (D)

To allow local governments to revoke certain property tax breaks selectively granted to particular corporations or developers if the beneficiary does not abide by the terms of the tax break agreement, or is judged to no longer meet the criteria under which the tax break was authorized.

House Bill 4585

Authorize a state “free speech defense act”

Introduced by Rep. Thomas Hooker (R)

To adopt a “free speech defense act” that would prohibit Michigan courts from enforcing a libel judgement issued by a court in a county that does not practice specified due process safeguards, or that upholds a cause deemed “repugnant to the public policy of this state.” Similar laws adopted by other states are seen as a response to so-called “libel tourism,” and in particular to perceived Islamist persecution.

House Bill 4635

**Extend “commercial rehabilitation”
tax break law**

Introduced by Rep. Kathy Crawford (R)

To extend for another five years a Dec. 31, 2015 sunset on a “commercial rehabilitation act” that authorizes property tax breaks for the developers of commercial redevelopment projects selected by local government officials. Referred to committee, no further action at this time.

House Bill 4646

**Ban local government contracts
to campaign contributors**

Introduced by Rep. Jim Townsend (D)

To prohibit local governments from awarding contracts worth \$25,000 or more to a vendor who made a political contribution of at least \$100 in the previous 12-month period to an elected officeholder. Referred to committee, no further action at this time.

House Bill 4672

Ban smoking in car with minor

Introduced by Rep. Sam Singh (D)

To ban smoking in a vehicle with a minor present, subject to a \$500 fine. Referred to committee, no further action at this time.

House Bill 4673

**Prescribe requirements for removing
“squatters” from property**

Introduced by Rep. LaTanya Garrett (D)

To prohibit a property owner from attempting to evict “squatters” from the property unless he or she is accompanied by a law enforcement officer who has been provided with proof that the person entering the premises is the owner.

House Bill 4698

**Authorize drivers license,
state ID gender change**

Introduced by Rep. Brian Banks (D)

To require the Secretary of State to change the gender indicated on the drivers license of a person who requests this if the individual has obtained a “sex change” operation, or produces a court order authorizing the change in designation, or other official identification to that effect. Referred to committee, no further action at this time.

Senate Bill 383

Impose licensure on midwives

Introduced by Sen. Michael Green (R)

To impose a state licensure mandate on midwives (as distinct from “nurse midwives”), including regulations and license fees. Referred to committee, no further action at this time.