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The Fake School Employee: Retiring Union President Spikes \$115K State Pension

An extra \$99k per year by 'taking leave' — at the union, for 24 years

BY TOM GANTERT

When Steve Cook retires from his \$212,649 job as president of the state's largest teachers union this year, he will have spent 24 years working full time for the Michigan Education Association. But for purposes of collecting a government pension based on that six-figure salary, he's still considered by the state of Michigan to be an employee of the Lansing School District.

That's part of a controversial deal Cook struck with the school district back in 1993 when he left to work for the MEA full time. The school district expected that to be a short-term leave, but it ended up lasting 24 years. The deal also allowed Cook to

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Wind Industry Titan Soaks Up Billions in Tax Subsidies

887 turbines here already; NextEra Energy sues Michigan rural townships for more

BY TOM GANTERT

A renewable energy company that is worth \$60 billion — and hasn't paid federal income taxes for the last seven years — is among the country's largest recipients of federal subsidies. It's also suing a small Michigan township as it seeks to take advantage of a state law for its financial gain.

NextEra Energy, based in Florida, has filed lawsuits in Michigan against Ellington Township and Almer Township seeking to compel the municipalities to allow its wind turbine towers to be erected. The company has wind farm projects in 19 states and four Canadian provinces and has built more

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Someone who decides to work for a public entity takes on a higher responsibility than someone in the private or nonprofit sectors. **That's because the government has the power to force people to do things** – pay taxes, go to school, obey the laws.

Citizens are forced to pay for and live with the government they have, but they have rights, too. **One long-established right is to gather information about the public entities they pay for.**

With that in mind, the Mackinac Center recently teamed up with the Michigan Press Association and the Michigan Coalition for Open Government to release **a database of salaries for government workers.** We gathered the salary information of 300,000 public employees, which anyone can find at:

Michigan Government Salaries.com



LETTER FROM THE PRESIDENT

“Everything Is Too Political”

JOSEPH G. LEHMAN

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

As long as there is government, there must be people in charge of it. It follows that there also must be politics, because politics is the means of acquiring and maintaining the power to control government.

But does it also follow that politics must infringe on every aspect of our lives? Only if government encroaches every aspect of our lives. That's what I think every time I hear someone say, lately, “Everything is too political.”

Donald Trump's bombast and election cranked up the heat on what had been a simmering case of the politicization of daily life. An illustrative New York Times headline read on Nov. 15, 2016, “Political Divide Splits Relationships – and Thanksgiving, Too.”

Trump's rise only made obvious for the political Left what has unnerved the Right for years – government and those who run it seem uncontrollable. Large and small examples abound. Airline service disputes famously turn into law enforcement confrontations. Seven decades ago, only 5 percent of Americans needed a license to work, but now the proportion is about 25 percent.

It seems nothing is too embarrassingly intimate for government to regulate. Even the capacity of your toilet flush or flow of your shower head are dictated to you by bureaucrats. You'll never be able to name them or hold them to account, but they've been empowered by the delegation or abdication of Congress.

As government grows, more of the stuff of daily life becomes political. Why, for instance, is driving a Prius down the highway a political statement? Because entire political factions have organized around obtaining and defending

massive subsidies for expensive autos that conform to regulators' notions of right and wrong. Trash recycling is political for similar reasons. Government tuition assistance for well-to-do students at elite universities is another example. Bathroom choice was not political until government involved itself. What used to be voluntary has in some sense become, or is becoming, mandatory and contentious. And mandates can only be enforced by government.

That which might have been accomplished by social custom, mutual benefit, or voluntary persuasion is increasingly accomplished by force. And that is what makes people lament how political things have become.

Those who romanticize government as “simply the word for those things we choose to do together” have it wrong. Getting together for a potluck is something “we” might choose to do together. Dragooning every American into a compulsory new health insurance scheme (for instance) that tens of millions would never willingly choose is something that only those who run government can choose to do.

If you find yourself wondering why everything seems so political, take another moment to ask whether people have for some reason just decided to view everything through a political lens. Or maybe it's because it's harder and harder, as government grows, to go through life without encountering its footprints and approaching footsteps. ■

Joseph G. Lehman
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Teacher Wears Pizza Uniform From Second Job To Protest Pay

His annual salary? \$83k

BY TOM GANTERT

Ann Arbor Public Schools teacher Jeff Kass came to the district's board meeting May 24 dressed in the uniform he wears while working a second job at a pizza restaurant.

According to the website AnnArbivore, Kass said he wore the uniform to represent all the teachers who have to work second jobs to make their mortgage payments.

"He is going to tell the truth of what it feels like to be a 50 y/o man who has to sling pizza to make ends meet while still teaching," AnnArbivore reported. The website reports that Kass received a standing ovation.

What it did not report was that the Ann Arbor school system paid Kass \$83,155 in 2015-16, up 5 percent

from two years earlier, according to a state teacher salary database. The median family income in Ann Arbor for 2015 was \$55,590, according to the U.S. Census Bureau.

The average teacher salary in Michigan was \$61,875 in 2015-16, and \$71,564 in the Ann Arbor school district. Figures from the current year are not yet available.

"When you quote the statewide average for teacher salaries, are you quoting the statewide average for teachers with 20 years experience and two masters degrees?" Kass said in an email. "And how does it compare, for that matter, to any worker in any field with two masters degrees and 20 years experience? Or to teachers with similar experience and level of education in, say, a state like Massachusetts where

educational outcomes seem to be much better than in Michigan?"

The average salary of Massachusetts teachers was \$73,844 in 2013-14, the most recent year data is available from the National Education Association, which has tracked state teacher pay figures for many years. In 2014-15, there were 14 Massachusetts school districts where teachers averaged \$90,000 or more, according to that state's education department.

Ann Arbor Public Schools also complies with the letter of a Michigan merit pay law by giving an extra \$150 to teachers who qualify. The law requires district to include "job performance and job accomplishments as a significant factor in determining compensation and additional compensation."

Kass said his take-home pay is a little more than \$4,000 a month after health care and retirement deductions are taken out.

"That's by no means terrible, but it does necessitate additional income in order for my family to pay its bills," Kass said.

If Kass lives in city of Ann Arbor itself, he is in a place where home prices are among the highest in the state.

The average price paid for an Ann Arbor home was \$285,171 in 2016. That was exceeded only by Grosse Pointe, where the average home sold for \$314,864 last year. The average home price statewide was \$154,133, according to Michigan Realtors. ■

The original version of this story was posted online on May 27, 2017 and is available at MichCapCon.com/23655.

School Funding in Michigan Reaches All-Time High

BY BEN DEGROW

Last summer's release of a \$400,000 taxpayer-funded study generated a number of headlines proclaiming that Michigan schools received insufficient funding.

"The adequacy study released today proves what many of us in public education have been saying for years: Michigan's education funding is inadequate, and it's harming student performance," Michigan Education Association president Steve Cook told Michigan Radio.

Backers of a proposed follow-up report have shied away from definitively saying schools need additional funds to improve. Small Business Association of Michigan CEO Rob Fowler was quoted in MLive earlier this year: "I don't know that more money is the answer. It could be that if we spent the resources we have today differently, that we would do a much better job of educating across the board."

A look at the latest overall education funding picture suggests this cautious statement is well-informed, even if the typical Michigan resident has little idea how much schools already are spending. When looking at all sources of income, state figures for 2016 show that public

schools brought in \$14,108 for each student enrolled, the highest ever.

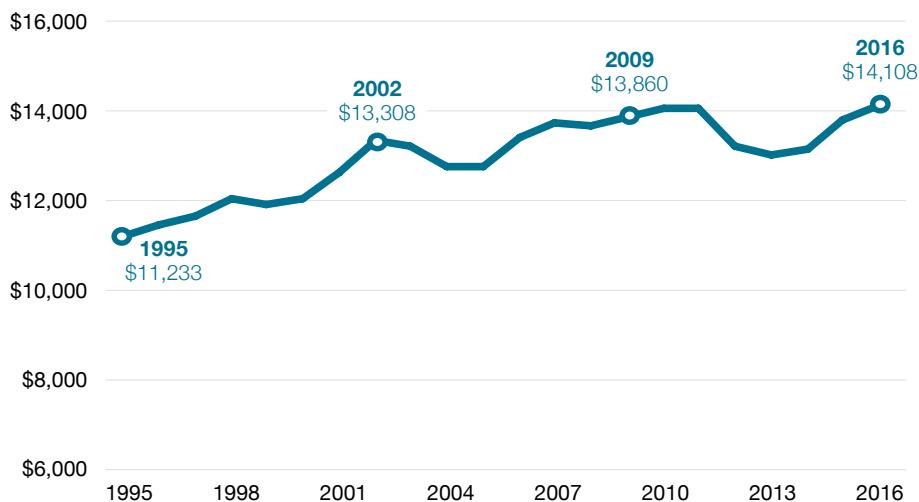
Even after adjusting for changing dollar values, that per-pupil revenue figure surpasses the previous high of 2010. This chart shows that schools experienced their biggest funding boost between 1995 and 2002. After falling from the previous high, real per-pupil revenues have increased the last three years running.

Data for total revenues are complete through 2016, and don't take into account dollars collected or spent this year. It's likely that the line will go up for 2017, as well.

Lansing's fiscal analysts now estimate that the state's School Aid Fund will take in \$153 million more this year than they projected just four months ago. The forecast for next year's fund revenues is nearly \$13 billion, up \$189 million from the January projection and more than \$800 million greater than the 2016 total. For the average district, 96 percent or more of state tax dollars comes from the School Aid Fund.

Local property taxes also remain a sizable part of the K-12 funding picture. Some local school districts are starting to raise more funds from one type of property tax, the regional enhancement millage, which pools and redistributes

Inflation-Adjusted Total K-12 Public School Revenue Per Pupil, 1995-2016



Source: Center for Educational Performance and Information, Historical Form B (1995-2003) and Financial Information Database (2004-2016)

money across several school districts. Voters in two of the state's largest intermediate school districts recently approved increases. Wayne County taxpayers are on the hook for another \$80 million after last November's election, while Kent County passed a \$20 million measure earlier this month.

It's time to put to rest the myth that Michigan schools are starving for lack of funds and have serious policy conversations about how to use current dollars more effectively. ■

The original version of this story was posted online on May 19, 2017 and is available at MichCapCon.com/23643.

PENSION REFORM

from Page One

BY EVAN CARTER

The Michigan Legislature took another step toward ensuring the state's financial security, passing legislation that creates a new public school employee pension system which is much less likely to add to the \$29.1 billion of unfunded liabilities already in the pension system.

Director of Economic Research at the Reason Foundation Anthony Randazzo called the legislation one of the "most innovative" pension reforms in the country. In addition to working with Michigan legislators on public employee pension reform, the Pension Integrity Project at Reason has been involved in pension reform in states throughout the country in states like Arizona. The Mackinac Center, which publishes Michigan Capitol Confidential, also lobbied for the reform.

Randazzo believes the legislation is so innovative because unlike other pension-reform plans, this legislation automatically closes its new pension system if it's less than 85 percent funded two years in-a-row, virtually guaranteeing that future hires won't cause unfunded liabilities in the pension system.

Under the new legislation, new school employees hired after September 2017 would be automatically placed in a 401k-like defined contribution plan with up to 10 percent match from their school districts. New employees would also have the option to join a defined benefit pension within the first 75 days of their hire, but would have to contribute 12.4 percent of their salary toward the plan as well as be responsible for helping the school districts covering any unfunded liabilities the system takes on. If the new pension system is underfunded for two years in a row, it will be automatically closed.

Teachers who received a pension before 2012, or are members of the current hybrid pension system will not be effected.

If Governor Snyder signs the legislation (which he is expected to), Michigan will be among the top few states in the country in terms of preventing long-term pension debt. In 1997, the state legislature passed a bill which closed the state employee pension system and put state workers on a defined contribution 401k-like plan.

Pension debt is one of the largest financial issues faced by states throughout the country, and according to Randazzo, virtually every state in the country is facing the need for substantive pension reform.

Michigan isn't the only state working on pension reform, with Arizona, Kentucky, Florida, Pennsylvania, and South Carolina also passing reforms within the past year.

The bills' detractors – which in addition to Democrats included the Michigan Education Association, the American Federation of State, County, and Municipal Employees, and a group of teachers from throughout the state – argued that the legislation does nothing to pay down the state's \$29.1 billion in unfunded liabilities and closes the hybrid pension plan which is currently fully funded. The state of Michigan is constitutionally obligated to pay down its pension debts.

"We're going to be taking more money out of schools, we haven't solved the long-term problem for the teacher pension program and unfortunately it doesn't solve the problem." House Minority Leader Sam Singh D-East Lansing. "[Democrats] wanted to make sure that money was coming in from the state to these communities and in the end what we're doing is we're robbing from today's children to pay for this."

Christine Lucas and Sue Charron, two teachers from Fowlerville who were in Lansing to lobby against pension reform, expressed their concern that the legislation was introduced and pushed

through committee before its positive and negative aspects could fully be discussed.

"We want the outcome to be good for education in the future, both for teachers and students," Lucas said.

Charles Owens of the Small Business Association of Michigan praised the bill.

"We commend the legislature and the governor for standing up to the teacher's unions and those who continue to stick their head in the sand when it comes to addressing the unfunded liabilities of the teachers' pension fund," he said.

Representative Thomas Albert R-Lowell, who was the main sponsor of the House bill, argued that teacher pension reform is the responsible choice moving forward.

"Government must not write checks and expect the next generation to pick up the tab," Albert said. "This alone will not deal with our pension issues, but it's a start." ■

The original version of this story was posted online on June 20, 2017 and is available at MichCapCon.com/23723.

Mackinac.org/Pensions



It Would Take 600 Wind Turbines to Replace One Closing U.P. Coal Plant

BY TOM GANTERT

The coal-fired Presque Isle Power Plant is scheduled to be shut down by 2020 if regulators approve. The plant is located on 65 acres set back from the Lake Superior shore in Marquette.

The plan is to replace the plant's generating capacity with two natural gas plants. It still must be approved by the Michigan Public Service Commission, according to Cathy Schulze, spokeswoman for Wisconsin Energy, which runs the Presque Isle facility.

The Sierra Club's Michigan chapter didn't respond to an email seeking comment. But in 2012, it said that Wisconsin Energy should dump coal and instead invest in clean renewable energy like wind and solar.

There are 883 wind turbines operating in Michigan, and the number is expected to rise. That's because a new law passed at the end of 2016 increased an existing mandate that utilities get 10 percent of their power from renewable sources to 14 percent.

It would take about 600 wind turbines to generate the same 359 megawatts the Presque Isle plant can produce.

But wind turbines only produce power intermittently — when the wind blows. In contrast, coal plants operate 24 hours a day, seven days a week. When periodic maintenance and other temporary shutdowns are included, a coal plant such as Presque Isle actually operates 80-90 percent of the time. That's according to Jason Hayes, the director of environmental policy at Michigan's Mackinac Center for Public Policy who also says that wind power needs a backup plan.

"In the very best locations, wind turbines only produce electricity 35 percent of the time. So we still wouldn't have actually replaced the original plant," Hayes said in an email. "In fact, we would need to keep that old plant, or build a new natural gas or nuclear plant to provide energy during the 65 percent of the time that wind can't." ■

The original version of this story was posted online on April 25, 2017 and is available at MichCapCon.com/23565.



Presque Isle Power Plant in Marquette

Why Michigan Has a Pension Problem

BY JARRETT SKORUP

The largest fiscal issue facing the state of Michigan is retiree benefits. For decades, the state and local municipalities have promised more retirement benefits to employees than they have set aside to pay for.

There is nothing inherently wrong with pension systems — the problem is that politicians simply don't fund them and instead pass the costs of today's government onto future taxpayers. For example, the state has saved \$29 billion less than what is needed to fund the school employee retirement system and local government pension systems are similarly underfunded. That being the case, state and local governments should shift new employees to 401(k)-type plans, which pay the full cost of retiree benefits as they are earned and cannot be underfunded and passed along to future taxpayers.

But interest groups are resistant. Unions, which have largely kept quiet while

governments shortchanged their members' retiree benefits, defend the status quo. And local governments, especially those who have not properly funded their systems, are pushing back on reforms.

The governor has a committee which is supposed to be figuring out the problem and suggest reforms for municipalities. But by all appearances, the local government and employee unions are using that committee to simply call for higher taxes.

The Lansing State Journal provides a vivid example of how this is framed in the media:

Despite the improving economy, local government leaders have said property taxes and revenue sharing from the state have not risen fast enough to keep up with those and other rising costs.

For example, the state paid Lansing \$15.9 million in 2007, before the recession. Keeping up with inflation would have meant an \$18.4 million payment last year, but the state

actually paid the city \$13.6 million. The city took in \$43.9 million in property taxes in 2007, which would have equaled \$50.8 million last year based on the rate of inflation. The city actually took in about \$43.5 million in taxes last year.

Such shortfalls across the state put services such as police and firefighting at risk, officials have said.

So, according to this framing, local governments' debt is a result of a lack of revenue from the state and local property taxes. Putting the picture into perspective shows that that's not the real issue.

The city of Lansing had unfunded liabilities in its pension systems of \$113.6 million at the end of 2007 (\$45.8 million for general employees and \$67.8 million for public safety employees). That increased to \$382.3 million in liabilities at the end of 2015 (\$132.8 million for general, \$250.4 million for public safety).

Lansing would have gained an extra

\$10 million if the state had increased revenue sharing and property taxes had been recession-proof. But the city added nearly \$270 million in debt over that time — the extra \$10 million would have been about as useful as a band-aid on a gunshot wound. The problem is not one of revenue; it's that the city has not set aside enough to pay for the benefits that they promise their employees in retirement.

The issue is the same across Michigan, and the only way to solve it is to stop letting the hole get bigger by closing the system to new employees and offering them defined-contribution, 401(k)-type plans instead. Only then will cities like Lansing and other municipalities around the state and the state government be able to meaningfully address the debt owed to current workers and retirees. ■

The original version of this story was posted online on May 17, 2017 and is available at MichCapCon.com/23641.

Official Collects Six-Figure Pay From Multiple Cities Simultaneously

If one person can do three at once are cities overpaying?

BY TOM GANTERT

Carl Johnson's bosses say the accountant has unique skills and has always done an outstanding job.

The Canton man also may be the most unusual municipal employee in Michigan. He has held down three high-level positions in three different cities at the same time — and collected hundreds of thousands of taxpayer dollars in the process.

Johnson is currently under contract as the finance director for the city of River Rouge. He's also the finance director for the city of Novi. In February, he even held a third job as the finance director for the city of Oak Park, though he left that job at the end of the month, according to City Manager Erik Tungate.

An accountant who worked for 15 years for the regional accounting firm Plante Moran, Johnson has now applied for the position of controller for Northfield Township. According to the minutes from a March board meeting, he's now a finalist for the job. If he's picked, Johnson will back to working three full-time positions.

But Lisa Givens, executive assistant to the River Rouge mayor, said that Johnson quit pursuing the job in Northfield

Township after accepting the job with her city.

According to Northfield Township documents, however, Johnson applied for the job as township controller on Feb. 23 and listed on his resume that he was employed by River Rouge.

Northfield Township administrative assistant Jennifer Carlisle said the township's controller position has yet to be filled. Carlisle didn't give an answer when asked if Johnson was still in the running.

Johnson also worked three full-time positions in 2015. He started working for Novi in January 2014. He was contracted to work as the city manager for the city of Montrose starting in September 2014. In July 2015, he was hired at Oak Park for his third position. Tungate said Johnson resigned his position at Montrose in August 2015 to concentrate on his two other jobs.

Johnson received \$90,000 a year from Oak Park and \$120,100 a year from Novi, according to the city administrators at both cities. When asked for the amount of Johnson's salary, a River Rouge official advised Michigan Capitol Confidential to submit a Freedom of Information Act request. But Givens did say that the city

pays Johnson \$30,000 less a year than its previous finance director.

Johnson didn't respond to an email seeking comment. Two of his bosses did respond and said he was a high-quality employee and that they were aware of his duties in other municipalities.

Oak Park has a population of 29,752 and the city employs 152 employees. Novi has a population of 58,723 and the city employs 255 people. River Rouge has a population of 7,546. Novi and River Rouge are about 30 miles apart. Northfield Township is 48 miles away from River Rouge.

Johnson is not the first high-level employee to hold two high-level jobs in two cities at the same time, though the earlier situations were less transparent. In 2013, the Detroit Free Press reported that while he was serving as public safety administrator in Flint, Barnett Jones was also working as the chief of security for Detroit's water department. Jones was paid a combined \$273,750 for both jobs but resigned his Flint position shortly after his status became the subject of news stories.

Tungate said in an email there is a crisis in local government in Michigan; there is, he said, a "shortage of qualified candidates

in many of the most critical roles including finance director."

"Carl is a very unique individual with a unique skill set whom I trusted when he worked for me," Tungate said.

Novi City Manager Peter Auger said many of his employees have other jobs.

"I believe talented, driven individuals can do a lot more than those who watch a time clock," Auger said in an email. "We have many talented individuals in our organization; some teach, own other business ventures, practice law, and donate their time to sit on boards. When you hire good people they will be in demand. I enjoy hiring the best and seeing them succeed and thrive with their talents and hard work."

Auger added, "The city of Novi finances have never been better. Since Mr. Johnson has exercised leadership in our community, we continue to win budget awards and have seen bond rating upgrades by both Moody's and Standard & Poor's."

River Rouge's Givens said Johnson had worked previously for the city "and has always done an outstanding job." ■

The original version of this story was posted online on April 19, 2017 and is available at MichCapCon.com/23555.

\$94K Teacher Complains Salary ‘Stagnant’ at the Top

BY TOM GANTERT

A recent Detroit Free Press column perpetuated inaccurate perceptions of how much Michigan teachers are paid, implying that salaries are stagnant with no raises in 10 years.

In a column titled “How Michigan is failing our teachers,” a teacher who was paid \$94,560 in the 2015-16 school year claimed that instructors in the Birmingham school district hadn’t seen a raise in 10 years. The column also quoted the chair of the Michigan State University department of education saying teacher salaries are low and stagnant.

And yet, except for those already at the top of the union-negotiated pay scale, a vast majority of Michigan public school teachers have received pay increases in recent years, some as high as \$12,000 or more last year.

Salaries in Michigan’s conventional public school districts are determined by union-negotiated contracts. Generally, as teachers gain seniority they advance in “steps” up the pay scale. After 10 to 15 years they reach the top of the scale, which in a few districts means a teacher can make more than \$90,000 a year. That’s as high as they can go, except for contracts that include across-the-board

increases to the entire scale, including the very top.

Birmingham Public Schools teacher Scott Craig was the teacher quoted in the Free Press column about not getting a raise for 10 years. Craig collects \$94,000 a year from the district.

He has also been a member of the union negotiating team, and so would know that many of his colleagues have received significant recent salary increases.

One Birmingham teacher saw her salary go from \$62,151 in 2013-14 to \$66,226 in 2014-15 and \$71,492 in 2015-16. Many other teachers saw comparable jumps. Yet teachers at the top of Birmingham’s pay scale have stagnant salaries.

The Birmingham district pay scale tops out between \$74,190 for teachers with a bachelor’s degree to \$90,282 to those teachers with a master’s degree and more.

Craig’s salary was \$91,082 in 2015-16. He was able to augment this by performing extra functions that brought in another \$3,448, boosting his total pay for the year to \$94,530.

“Birmingham Public Schools have not offered a pay raise to teachers at the top of the pay scale for nearly 10 years,” Craig said in an email. “Our salaries are stagnate. Inflation has averaged over 2 percent



for the past 10 years. So, in essence, experienced teachers are losing 2 percent of their real wages each year or close to 20 percent over 10 years.”

He continued, “This is why many senior teachers are leaving the profession and younger potential teachers are looking for other professions. Others are working second jobs, which means they are not completely focused on teaching (about 30 percent in my high school), or they are supplementing their income by coaching, teaching summer school, sponsoring club, etc. again, this means that they are not focusing their best efforts on the students in their classes. Normally, teaching is a 50-hour-plus job.”

Margaret Crocco, the chair of teacher education department at MSU, was also

quoted in the column saying that teacher salaries have been stagnant in Michigan. Yet the author never mentioned the context of fixed union pay scales, and a related feature in many, that the final “step” can result in a significant pay increase.

Many teacher contracts recognize that regular raises end once a person reaches the top, so they make that last step very lucrative. For example, one teacher at the Waterford School District went from \$76,080 in 2014-15, to \$93,063 in 2015-16. One Bloomfield Hills teacher saw her salary go from \$67,174 in 2013-14 to \$73,983 in 2014-15, and \$80,895 in 2015-16.

Some of these changes may have been due to another feature of public school pay scales, which is more money for accumulating more academic credentials in addition to seniority

This can all lead to seemingly perverse outcomes. For example, in many school districts, a teacher rated “ineffective” can get a healthy raise while a highly effective instructor who has “topped out” on the union pay scale gets no increase.

Crocco didn’t return an email seeking comment. ■

The original version of this story was posted online on May 31, 2017 and is available at MichCapCon.com/23660.

Michigan Teachers Are the Nation’s Highest Paid

When compared to the average income of people in the state they serve

BY TOM GANTERT

The average salary of a Grand Rapids Public Schools teacher was \$54,690 in 2015-16. The per capita income of city residents from 2011 to 2015 (in 2015 dollars) was \$28,930, or just 53 percent of what teachers made in the school district.

Using that type of analysis, a study from the Citizens Research Council of Michigan found that Michigan public school teachers are the highest paid in the nation when salaries are compared to average incomes in the state where they serve.

The average Michigan public school teacher’s salary in 2015-16 was \$63,878 while the state’s per capita personal income was \$42,833 that year. This means the average teacher made 1.49 times the average income, the highest ratio in the nation.

Oregon, whose teachers earned \$60,064 while the state’s personal income was \$43,830 per person, had the second-highest ratio in the nation at 1.37.

In simple terms, Michigan’s annual teacher salary of \$63,878 was the 11th-highest in the nation.

Washington, D.C.’s public school teachers earned \$75,880 in 2015. Overall, that was third highest in the nation only behind New York (\$77,957) and Massachusetts (\$76,981). Since Washington D.C.’s per capita personal income was \$73,505 (highest in the nation), the public school teachers there ranked 44th among their national peers when compared with residents.

South Dakota’s teachers had the lowest pay relative to the population they serve, earning less than the average resident. South Dakota teachers earned \$42,025 a

year while per capita personal income in the state was \$47,912.

Craig Thiel, the author of the study for the Citizens Research Council, said the findings have received little attention from the press. None of Michigan’s major news outlets have reported the findings. Thiel said he did see the report covered by The Education Trust-Midwest, a public policy research organization.

The CRC paper mentions that average teacher pay has been falling in Michigan for five consecutive years. The average teacher salary in 2015-16 (most recent year data is available from the Michigan Department of Education) was \$61,875.

While the state average is falling, the salaries of individual Michigan teachers have been rising. The apparent contradiction is due to older, higher-paid teachers retiring and being replaced with younger teachers with

less seniority and lower pay. Except for long-serving instructors who have reached the top of union-negotiated pay scales, the vast majority of Michigan teachers received a pay increase in 2015-16.

For example, at Okemos Public Schools in Ingham County, many teachers saw their salary increase from \$66,210 in 2014-15 to \$70,338 in 2015-16, a 6-percent pay hike.

Okemos is an affluent Lansing suburb, and its school district receives far less per pupil funding than the Lansing district. Okemos received \$10,234 per pupil for its general fund in local, state and federal dollars while Lansing received \$13,047 per pupil. ■

The original version of this story was posted online on May 22, 2017 and is available at MichCapCon.com/23644.

A Better Way to Fund Universities: Give the Money to Students

BY JAMES M. HOHMAN

Michigan lawmakers are going to take another \$1.5 billion from taxpayers this year and distribute it to state universities. That is roughly \$390 for every household in the state. Yet it may be that in no other area of government is there less accountability than in sending taxpayer dollars to these institutions.

The deal that the state has with universities is simple. Dr. Richard Vedder, a commenter on higher education policy, explained it this way: The state fills up bombers with taxpayer dollars each year and flies them over the 15 state universities to drop their payloads. The only discussion that goes on is whether to fill the planes with smaller or larger cash bombs. This year, the governor wants 3 percent more money, the House 1.8 percent and the Senate 2.5 percent.

Ostensibly, the only thing that taxpayers get in return is a discount on tuition fees, at

least compared to what these institutions charge out-of-state students.

Lawmakers ought to have a frank conversation about whether the transfer of wealth to state universities serves taxpayers' interests. But, assuming that the state is going to continue making these transfers, there are ways to improve them.

For starters, the state should be funding students instead of ivory towers. That is, the state should fund scholarships for students rather than just dropping money on institutions. If higher education is about getting better-educated residents, funding the students ties the means to the outcomes.

There are other benefits. Funding students directly would also eliminate the discrepancy in aid between the different state universities. Currently, Oakland University gets an amount equivalent to \$2,835 per Michigan student while the University of Michigan receives \$12,625 per state student.

Lawmakers ought to discuss whether that student support should be general and unrestricted, needs-based, or a mixture. There are a lot of college students who come from families that can afford to pay the tuition. Giving them a general scholarship would transfer other people's money to those who arguably don't need it. In addition, giving someone taxpayer dollars to do something they would have done anyway and paid for themselves is not money well spent.

Universities currently recognize this and respond similarly — they keep average tuition high and offer need-based scholarships.

The state could also structure the scholarship to encourage schools to graduate students on time. Lowering levels of support after a student passes standard graduation periods may do the trick.

This would not fix everything that is wrong with higher education. Students as a whole still do not seem

to be very cost-conscious about higher education decisions. Even while schools perpetually increase tuition, students find the means to pay it. The federal government supports these decisions by ensuring that students can borrow their way to almost any degree they'd like. This means that schools too often compete over the amenities they offer students rather than the value they provide for the price. This is in addition to bloated administrative staffs that are also cost drivers for colleges.

Converting from the current cash "bomber" policies to state-funded student scholarships would be an improvement. It would emphasize that higher education is about Michigan students obtaining a higher education, rather than simply transferring taxpayers' money to favored institutions. ■

The original version of this story was posted online on May 3, 2017 and is available at MichCapCon.com/23588.

Michigan Public School Enrollment Down 25 Percent Since 1978

BY TOM GANTERT

In 1978, William Milliken was the governor of Michigan, there was a famous blizzard here, and 2 million children were enrolled in the state's public schools. Milliken (now age 95) is now long gone from public life and we just experienced a mild winter. But 2 million students stands as the high-water mark for public school enrollment in this state.

Michigan public school enrollment totaled 1,502,651 children in fall 2016, according to the state Department of Education, down from 1,507,753 the previous school year. That marks the 14th consecutive year of enrollment decline. The state then dropped to a student count of 1,493,471 in the spring of 2017.

Enrollment declines translate into less money for Michigan school districts, because under a state funding formula, an average of around \$7,611 follows each student to whatever district he or she lands in. For public schools, fewer students mean less money.

The Flint and Detroit school districts have been among the hardest hit.

Flint had 83,634 students in the 1999-2000 school year. Enrollment dropped to 4,900 in spring 2017. Detroit had 168,213 students in 1999-2000, and it was down to just 44,869 in the latest count. ■

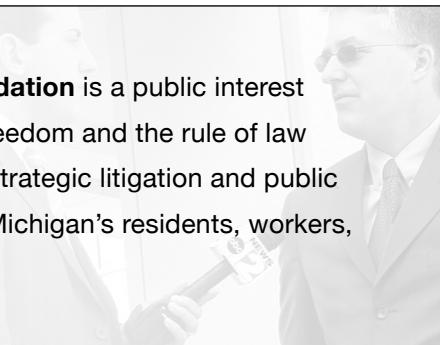
The original version of this story was posted online on May 13, 2017 and is available at MichCapCon.com/23627.



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Michigan Democrats Vote to Give Detroit Schools Money for Students Who Don't Go There

BY TOM GANTERT

If Democrats in the Michigan Senate had gotten their way on May 3, the Detroit Public Schools Community District might have a new source of revenue next year: state money for students no longer enrolled there.

When the Senate took up its version of next year's K-12 school funding budget, Sen. Coleman Young, II, D-Detroit, offered an amendment. It would have let the Detroit school district keep the balance of the annual school aid payments it gets from the state for each child enrolled in a district school, even if the school closes and the child ends up attending a different school district.

In other words, the state would make double payments for each child — one sent to the Detroit school district and another to the district the child is actually attending. The measure would have been for just the 2017-18 school year, and the duplicate payments would only apply to children who left the district because the building they attended had closed.

That would have meant that the Detroit Public Schools Community District would get to keep the full \$7,552 annual foundation allowance that currently follows each Detroit student who leaves a closed school for another district.



The amendment failed on a 27-11 party line vote.

Young didn't respond to an email seeking comment.

On April 28, the Michigan Department of Education reached a performance improvement agreement with the Detroit Public Schools Community District to avoid closing 24 of its schools that were among the worst-performing in the state. The agreement lasts through 2020 and contains a number of performance milestones and deadlines.

But it also authorizes many exceptions and extensions, so it is highly unlikely those failed schools would be closed in the 2017-18 fiscal year. Missing a deadline would require the school and its partners in the agreement, including Wayne RESA and the Michigan Department of Education, to act. They would, under the agreement, "evaluate the degree and underlying causes of the shortfall, and working with the Implementation and Accountability Team, shall implement one or more of

the following curative actions for that Partnership School."

The agreement lists a series of "curative actions," with the following consequence if they effect no cure: "If the curative actions are not successful, then the process shall be repeated with an increasing level of intervention." The agreement doesn't allow the state to close any of the schools.

Detroit schools have experienced a student exodus of monumental proportions over the past two decades, and it is continuing. Enrollment has fallen from 112,131 students as recently as 2007 to 46,300 students in 2016. During the spring 2017 count, Detroit's enrollment dropped again, to 44,669.

From 2007 to 2016, the number of neighborhood schools operated by the district declined from 225 to 75. The district lost an estimated 65,800 students over those nine years.

The state of Michigan has never closed a Detroit public school due to academics. But many have closed due to the student exodus, and some charter schools in the city have been closed for academic reasons. ■

The original version of this story was posted online on May 16, 2016 and is available at MichCapCon.com/23634.

Let People Rent Out Their Property

BY JARRETT SKORUP

In places around Michigan, local governments prevent people from legally renting out their own property. But some new bills would change that, freeing up private property rights for homeowners.

In Traverse City, the government doesn't allow short-term rentals of homes. That means residents can't use services like Airbnb or HomeAway. Even in business districts, the city requires residents to be licensed and at least 1,000 feet away from other license holders. As The Detroit News reports:

Those rules don't stop some Traverse City residents from renting their homes on websites such as Airbnb, [Traverse City's Zoning Administrator David] Weston said. He routinely pens

letters to those homeowners who violate city policy, and occasionally sends them \$400 tickets for operating against the ordinance.

Previous city leaders contended short-term rentals were commercial uses of residential property and inappropriate for residentially zoned swaths of the city, Weston said.

This is absurd. In cities across the state and nation, tens of millions of people are able to safely and efficiently use home-sharing services. This allows people to earn money while providing travelers with more options and lower prices. Home sharing also allows vacationers to nestle themselves into the heart of the local community, rather than settling for a touristy hotel out near the highway.

There are newly introduced bills in Michigan that would re-establish rights for property owners. House Bill 4503, sponsored by Rep. Jason Sheppard, R-Temperance, and Senate Bill 329, sponsored by Sen. Joe Hune, R-Fowlerville, would "prohibit local governments from using zoning laws to prohibit homeowners from letting out their property for vacation or short-term rentals, which would apply to owners who use services like Airbnb."

The hotel industry and local governments aren't thrilled with home sharing. Other short-term renters, like hotels, don't like the competition, and local governments called the bills "stunning" and "unhealthy" in a story by MIRS News.

But governments at any and all levels should not be banning homeowners from

using their property in certain ways unless there are sufficient and compelling reasons for doing so that have a direct impact on the well-being of the public. Under the proposal, municipalities could still regulate short-term rentals and enforce regulations related to things like noise control or other nuisance issues. These bills simply say that local governments cannot ban people from renting out their property for short periods of time.

Private property rights are a foundational principle of this country. It's good that someone in Lansing is attempting to protect them from being undermined by local governments. ■

The original version of this story was posted online on May 10, 2017 and is available at MichCapCon.com/23618.

FAKE SCHOOL EMPLOYEE

from Page One

parlay his union salary into an estimated \$115,871 state pension.

Cook started in the Lansing School District as a paraprofessional in the 1970s, a position that pays about half of what a teacher gets. But under the deal he struck with the district when he “took leave” to work for the union, Cook gets to use his union pay level and his years on the job there in the formula used to calculate his monthly pension check from the state.

Cook worked 15 years for the Lansing School District and 24 years for the MEA, 39 years altogether, and they all count toward his government pension. The monthly amount he’ll start getting is also based on his annual union pay during the final few years there, which ranged from slightly above to slightly below \$200,000.

The highest-paid Lansing school district paraprofessionals earned \$28,758 in 2017, according to the union contract. A paraprofessional who started there at the same time as Cook and spent 39 years

doing that job would receive an annual pension of \$16,823.

The highest-paid Lansing teacher made \$81,037 in 2016. If he retired after 39 years of teaching, his annual pension would be \$49,530.

The MEA reimburses the Lansing district for the contributions it makes for Cook into the state pension system. However, because the pension fund is currently \$29.1 billion short of the amount needed to cover future pensions, some experts argue taxpayers probably will be left holding the bag for part of Cook’s retirement.

Cook and the MEA didn’t respond to an email seeking comment.

Cook is just one of many top MEA union administrators, including the union’s previous two presidents, who struck similar deals with their school districts.

Former Michigan Education Association President Iris Salters has an annual state pension of \$140,000, based on a final union salary of \$235,447 when she retired in 2011. ■

The original version of this story was posted online on April 26, 2017 and is available at MichCapCon.com/23569.

Did You Know? Post-Water Crisis, Fed and State Money Pours Into Flint

BY TOM GANTERT

When a state financial review team examined the city of Flint’s books in 2011, it discovered officials had used money from a dedicated municipal water fund to pay for other spending. That left a \$9 million deficit in the fund.

But since the water crisis was uncovered in 2015, state and federal dollars have been rushing into the Genesee County city — a total of \$347 million so far. By comparison, the city of Flint’s general fund budget was \$52.1 million before it was placed under a state-appointed emergency manager in 2011.

In March, the federal Environmental Protection Agency gave the state’s

Department of Environmental Quality a \$100 million grant for upgrading the Flint water system, including replacing lead service lines that connect homes to city water mains.

The Michigan Legislature has appropriated another \$247 million for Flint, of which \$174 million has been disbursed. The money has been spent on giving residents credits on their water bills, delivering bottled water to residences, running social welfare programs, administering food and nutrition programs and more.

Some of the money has been spent on Medicaid coverage for Flint residents, outreach to non-English speaking

residents, child care subsidies, support for food banks and grocery market feasibility studies.

“The Governor is committed to Flint’s full recovery from the crisis, and identified resources within the state budget to provide health care and nutrition services and service line replacements for the next several years,” said Gov. Rick Snyder’s spokeswoman Anna Heaton.

Marc Edwards, a professor at Virginia Tech who was one of the whistleblowers in the lead-in-water crisis in Flint, said it was hard to evaluate the response.

“Given that the 2001-04 Washington, D.C. lead-in-water crisis was 30 times

worse, and the only thing D.C. residents got was lies and an epic cover-up — there is really no precedent to judge,” Edwards said in an email. “On the one hand, health harm is certainly priceless, but on the other, society has to come up with a number. Given the EPA involvement, I lobbied hard that the federal government needed to contribute substantially, and they did so in a bipartisan way. The state of Michigan and the courts really need to decide the rest.”

Flint Mayor Karen Weaver didn’t return an email seeking comment. ■

The original version of this story was posted online on May 24, 2017 and is available at MichCapCon.com/23650.

Conflicted: Unions Call Nonmembers ‘Free Riders,’ But Insist on Representing Them

BY EVAN CARTER

Michigan state Rep. Pamela Hornberger, R-Chesterfield Township, introduced legislation May 11 that would allow public sector employees who choose not to pay union dues to also opt out of being covered by the union contract in their workplace.

Right now, all employees in a unionized workplace must accept the union’s representation and contract whether or not they are members of the union.

House Bill 4596 would institute the concept of “workers’ choice” for public employees, freeing them from forced union representation — and also free unions from having to represent employees who choose not to pay dues. If an employer chooses to negotiate with an individual employee, union negotiators would not be able to modify the individual’s contract. Nationwide,

87 percent of employees negotiate their own pay and terms of employment.

The bill allows public sector unions in Michigan to avoid having to represent employees who aren’t members. Unions sometimes call such people free riders. The bill would not change the status of workers who choose to pay dues, accept union representation and work under the union contract.

The Michigan Education Association, Service Employees International Union, and United Automobile Workers (which also represents many state employees) declined to comment.

The issue of so-called free riders has been a frequent complaint of unions ever since the 2012 debate over Michigan’s right-to-work law, when the MEA used the term “freeloaders” to describe such individuals.

Despite the complaints, in 2013 Senate Majority Leader Arlan Meekoff, R-West Olive, asked MEA spokesman Doug Pratt if his union would like to “be relieved of representing those people who want to opt out of the union?”

Pratt’s answer was “No.”

A 2016 online Google survey of rank-and-file union members across the country found that 67 percent support the right of workers in unionized workplaces to opt out of being represented by the union.

“Worker’s choice gives unionized public employees the opportunity to say ‘no thanks’ to union representation and unions the ability to say ‘goodbye’ to those who don’t pay dues,” said F. Vincent Vernuccio. Vernuccio, the director of labor policy for the Mackinac Center for Public Policy wrote a 2015 study on the issue. “Michigan could be the first in that nation

to pass this type of legislation, cementing our place as the leader in worker freedom.”

In addition to removing the source of the unions’ complaints about free riders, the legislation could protect Michigan’s right-to-work law from legal challenges from unions that claim the law amounts to an unconstitutional “taking” of their property rights, said Vernuccio.

Similar legislation was introduced in the Missouri House after that state became the nation’s 28th right-to-work state in February. It was also introduced in Michigan by Rep. Gary Glenn, R-Larkin Township late in 2016, but failed to advance.

Hornberger didn’t respond to messages seeking comment. ■

The original version of this story was posted online on May 26, 2017 and is available at MichCapCon.com/23654.

Government Internet Coming to Traverse City

BY EVAN CARTER

Traverse City may become the second city in Michigan to own a municipal fiber optic network that sells internet service to residents. The proposed plan would run fiber optic cables to every home and business in the city, competing with internet providers already in the area. The city is preparing to take the plunge despite most municipal broadband projects losing big money for taxpayers.

Executives at the city-owned power utility, a group of tech enthusiasts and the Traverse City Area Chamber of Commerce claim that current internet offerings are insufficient. They say that rates are too high for businesses and upload speeds are insufficient for those who want to work from home. Currently, it costs a business over \$2,000 per month for a 1-gigabit, or 1,000 megabits per second, fiber internet connection.

Traverse City Light & Power does have a small network already, but it only connects government buildings and substations. It doesn't have any residential or business customers.

Attracting new technology businesses is not always as easy as building a fiber network. Nor is the payoff certain; a study from the Mercatus Center in Virginia indicates the economic benefits of building a municipal fiber network are often a wash, with only a slight increase in the number of governmental employees. And a recent University of Pennsylvania study showed that of the 20 municipal broadband projects that make their financial information available, only two are expected to recover their project costs within 40 years. (That does not include the many projects that cities sold off after failing to generate income.)

According to Tim Arends, the executive director of TCL&P, the utility began to seriously consider operating a fiber network in early 2016. The power company has run a fiber network between its power substations, public schools and government buildings for about 10 years. Similar projects are also being discussed

by municipal governments in Holland, Marshall and Wyandotte.

"There is a time when the government can and should provide the service when the private service isn't stepping in," Arends said. "Charter, our biggest cable company here, has no intentions of providing fiber to every home ... so we're offering something that is not being provided by the private sector."

A report commissioned by TCL&P estimates that the project would cost \$16.2 million if the utility acts as the internet service provider, with costs being recouped in 11 years. Another option, which the utility prefers, would have it rent out its fiber network to a private company. That option is estimated to cost \$10.1 million, with costs being recouped in 2 years.

Brent Skorup, a research fellow in the Technology Policy Program at the Mercatus Center, a Virginia-based research organization, believes the report doesn't detail enough of the risks present in a municipal fiber project.

"Optimism is fine but the study is flawed in that it doesn't give outside parties' probabilities of success," Skorup said. "The fact is: These are risky projects for taxpayers."

While the exact financial details of the project are still unknown, Arends said it would be financed by either a revenue or general obligation bond.

TCL&P has \$19.4 million in cash, cash equivalents, and investments, but it also has more than \$14 million in net pension liabilities according to its most recent financial report. According to Arends, the project won't be subsidized by the utility's fund balance.

William Morand, the regional spokesman for Charter Communications, called the proposal "a solution in search of a problem." Proponents like Kent Wood, the director of government relations for the chamber of commerce, believe that the fiber network could spur economic growth.

"We are a desirable place to live," Wood said. "What we've seen from the [TCL&P] meetings is there's already a lot of interest [in the fiber network]."



The Boardman River in Traverse City

The company LightSpeed was in talks with TCL&P to build a 1-gigabit fiber network in Traverse City. But it ultimately decided not to enter the market because of disagreements with the city-owned utility over access to conduits, pole attachments and whether it would be allowed to expand to all homes in the city. In Lansing, LightSpeed customers are eligible for 1-gigabit service for \$49 per month.

Skorup said while there are a few examples of municipal fiber networks being modestly successful, there are many more examples where the fiber networks fail, never recovering the costs it took to build them.

"When you look at the large-scale data of dozens of cities, the results are more modest," Skorup said. "These projects can be successful for some cities, but they distract from other [responsibilities of local government] like schools and roads."

Michael LaFaive, a fiscal policy analyst with the Mackinac Center for Public Policy who lives in Traverse City, believes the project is misguided. He said in an email:

"The politicians and central planners who promote these schemes rarely consider their impact on future decisions made by potential private investors. Technology shifts so rapidly that what appears optimal today — like a government-owned internet service

provider — may be made entirely obsolete in five years by some new advance."

Melanie McCoy, superintendent of Sebewaing Light and Water, believes her utility's partnership with internet service provider Air Advantage has been very successful. Sebewaing is currently the only municipality in Michigan to own a fiber network that provides service to residents. The build-out costs of the fiber network there were covered by utility funds, but the network only covers about 900 of the village's 1,702 citizens.

Sebewaing offers speeds of between 30 megabits per second for \$35 and 1 gigabit per second for \$160. Only 4 percent of the utility's internet customers pay for internet faster than 30 Mbps. Like Traverse City, Sebewaing had private internet service providers in the village, but residents were dissatisfied with their service.

Looking at Sebewaing's fiber network, Skorup said that in similar situations, a municipal fiber network may be economically feasible, but he argued that there are better alternatives.

"I think a better way of doing it is building utility poles in rural areas and giving private providers low-cost poles and conduit," he said. ■

The original version of this story was posted online on June 19, 2017 and is available at MichCapCon.com/23713.

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Soaks Up Billions

from Page One

than 8,700 wind turbines in 110 wind farm facilities.

Ellington Township and Almer Township are located in Tuscola County in Michigan's Thumb region, which has become the state's battleground over the rollout of industrial wind turbines. NextEra is also seeking a zoning change on the May 2 ballot in neighboring Huron County. A favorable vote could add many more turbine towers to the 473 already there.

The push for additional wind farms in the Thumb is largely due to a Michigan law passed last December that expanded an existing state mandate. The 2016 law increased the percentage

of electricity that must be generated by renewable sources from 10 percent to 14 percent. Mandates like this represent an indirect subsidy to companies like NextEra, which also enjoy many direct government subsidies.

NextEra Energy had corporate profits of \$21.5 billion from 2008 to 2015. The company paid no federal income taxes on this amount but instead received a net credit of \$313 million due to government subsidies.

Almer Township, by comparison, had a general fund budget of \$600,000 in 2016.

The analysis of NextEra Energy's corporate profits and taxes was done by the Institute on Taxation and Economic Policy, a center-left nonprofit. It was published in a March 2017 report, "The 35 Percent Corporate Tax Myth;

Corporate Tax Avoidance by Fortune 500 Companies, 2008 to 2015."

The report stated on NextEra Energy: "Deferred tax benefits explain most of the company's tax benefits."

NextEra Energy didn't respond to an email seeking comment.

NextEra has received about \$1.9 billion in federal grants and tax credits since 2000, according to a March 2015 report by GoodJobsFirst.org, an organization that tracks federal subsidies. NextEra was second only to the energy company Iberdrola in collecting federal subsidies since 2000; Iberdrola has received \$2.2 billion.

The federal government does not track its subsidies for renewable energy companies on an annual basis. But the wind industry received \$5.9 billion in

federal subsidies in 2013, the most recent year for which data is available from the Energy Information Administration.

"NextEra may produce wind energy, but its real business is subsidy mining," said Robert Bryce, a senior fellow at the Manhattan Institute and an expert on the energy sector. "Renewables need subsidies because they aren't economic in the free market. By subsidizing renewables, the wholesale power markets across the country are getting more and more distorted. The result of those distortions is that other electricity generators — and particularly the nuclear energy generators — are now seeking their own subsidies." ■

The original version of this story was posted online on April 21, 2017 and is available at MichCapCon.com/23560.

Teacher Gets \$80k Salary, Spends Half His Time on Union Work

BY TOM GANTERT

When teacher Frederick Klein addressed the Ann Arbor Board of Education about teacher compensation at its June 13 meeting, he said he represented 1,200 employees as vice president of the Ann Arbor Education Association.

He is also one of several teachers who are paid by school districts throughout Michigan to do union work on school time; Klein's arrangement lets him spend half his time on union business. The district paid him \$80,163 in 2015-16. Almost half, \$39,078, was for union work.

In 2015, an analysis from the Mackinac Center for Public Policy showed that taxpayers pay at least \$3 million annually so educators can do union business while on the clock.

At least 70 public school districts had so-called release time arrangements in 2015.

Ann Arbor Public Schools is currently negotiating with the union over a new contract. While this is underway, there has been a parade of teachers complaining publicly at school board meetings about salaries.

At the latest meeting, as reported by the news site AnnArbivore.com, three teachers criticized the district teacher pay levels. Their pay last year ranged from \$77,729 to \$86,414. At a previous meeting, a teacher who made \$83,000 a year complained he had to work a second job to make his mortgage payment.

"We value our teachers and all of the staff that make AAPS exceptional. AAPS and all bargaining units are currently engaged in the negotiations process we have all committed to," said Ann Arbor board member Christine Stead in an email. "We are confident that we will reach an agreement that benefits everyone as best we can for the long term. We are aligned in our collective work toward an exceptional Ann Arbor Public Schools for our students, teachers, staff, families, and community."

Klein responded to an email but didn't answer a question about what he thought was a fair salary for a teacher. Instead, he said Michigan Capitol Confidential was not a credible news source. ■

The original version of this story was posted online on June 17, 2017 and is available at MichCapCon.com/23719.



FORtheRECORD

U-M Student Newspaper: Shouting Down Speakers Doesn't Infringe Free Speech

The University of Michigan's main student newspaper, the Michigan Daily, published an editorial criticizing recently introduced legislation dealing with campus speech. The proposals would require Michigan's state universities and colleges to adopt policies to protect freedom of speech, including sanctions for activists who prohibit others from speaking by shouting down their presentations. The Daily writes:

"The state legislature shouldn't merely change the wording of the bills to make them more palatable, they should not allow the bills to pass at all. Restrictions on free speech must remain within the limits of the First Amendment, anything more would violate students' civil liberties. Moreover, as student protests become more prominent — and necessary — throughout the country, it is vital that students, school administrators, universities and community colleges remain vigilant over actions taken by the state and federal government to limit speech. For instance, students at the University have expressed opposition to, and ultimately helped cancel, a debate over the Black Lives Matter Movement. But, these protests did not infringe upon the free speech rights of speakers who protesters were organizing against, and should not, in future cases like this, be punished."

FORtheRECORD says: The Michigan Daily has an interesting definition of the word "cancel."

In September 2016, as reported by the Michigan Daily, some 400 U-M students and others rushed into an auditorium and shouted down a debate over the Black Lives Matter movement. Protesters "jeered and hurled obscenity-laced tirades" for an hour until the moderator at the nonpartisan event gavelled it closed. Some debate.

But according to the Michigan Daily, the actions of these 400 shouting individuals "did not infringe upon the free speech rights of [the] speakers."

Senate bills 349 and 350, sponsored by Sen. Patrick Colbeck, R-Canton Township, would among other things authorize sanctions for these so-called shout-downs. The bills also call for extensive due process protections to anyone charged with silencing a speaker in this way.

"The right to free speech at our universities and colleges is particularly important, because it is there that many of our younger citizens first start to realize the true importance of both their individual voice and the ability to learn from the differences of others," Colbeck said. "That is why this legislation is so essential." ■

Lt. Gov. Brian Calley Underestimates Teacher Pay — By \$26,000

Republican Lt. Gov. Brian Calley, who is running for governor, recently announced that he will lead a ballot initiative campaign to switch the Michigan Legislature from full-time to part-time status.

"My proposal limits the legislature to 90 consecutive days of session and cuts the pay by more than half — setting it equal to what our teachers are paid," Calley said in his press release.

State legislators are paid \$71,685 a year, so a 50 percent reduction would come out to a \$35,800 salary.

FORtheRECORD says: Calley is way off on how much public school teachers earn in Michigan.

The highest paid teacher in the state in 2015-16 worked for the Troy



school district and earned \$119,144. The average teacher salary in Michigan that year was \$61,875, according to the Michigan Department of Education.

If Calley was referring to the average starting salary of a Michigan public school teacher, he came close. A Michigan Education Association analysis of the union contracts of 438 Michigan school districts found an average starting salary of \$35,851. ■

Writer Insinuates Racial Politics in DeVos' Hometown, But Events Rebut Claim

In an article titled, "Want to See How School Choice Leads to Segregation? Visit Betsy DeVos' Hometown," freelance reporter Jennifer Berkshire stated that people of Holland, Michigan won't financially support the local school district.

Berkshire wrote, "And as DeVos well understands, a community that has little stake in its schools is unlikely to shell out money to pay for them."

A freelance writer who has written for The Huffington Post and Salon, Berkshire said in an email that the passage refers to the chances of residents approving property tax increases placed on the ballot by the school district.

FORtheRECORD says: Holland voters approved two school property tax measures on the May 2, 2017 ballot, including one that increased their taxes. An operating millage renewal passed with 83.4 percent approval and a new "sinking fund" tax passed with 75.4 percent in favor.

Michigan law gives parents two public school choice opportunities: charter schools and attending in a neighboring district that has space. School funding is determined by another law, using a complex formula that includes both local and state tax revenues to determine how much each district gets on a per-pupil basis.

Not only does Holland schools have the support of its voters, but it also is better funded compared to the charter school that parents are choosing to send their children to instead.

According to the Michigan Department of Education, Holland Public Schools' general fund received \$11,259 per pupil in state, local and federal funding. The nearby Black River charter school Berkshire referred to in her article ("75% white") received \$8,849 per pupil; figures are for 2015-16, the most recent available.

Black River has become more diversified over time, not less. Established in 1996, 80 percent of its enrollment was classified as "white" in 2003. It's 72 percent this year.

While it is filled with references and statistics about race, Berkshire's article was silent on something parents may care more about, how well different schools do at educating children.

"A serious investigation would ask why more families of all races in Holland and surrounding areas are seeking different schools than the ones assigned to them," said Ben DeGrow, education policy director at the Mackinac Center for Public Policy. ■



Michigan House Dems Propose State Contract Preference for Immigrants

BY TOM GANTERT

Democratic lawmakers in the Michigan House have introduced a bill that would require state contract managers to pursue a goal of awarding at least 5 percent of the spending on state contracts to businesses owned by immigrants.

The bill is sponsored by Rep. Jim Ellison, D-Royal Oak, and co-sponsored by 18 other House Democrats. It would amend a 1980 law that sets a 7 percent contract target for businesses owned by minorities, and 5 percent for firms owned by women.

Ellison, the ACLU and the Michigan Immigrant Rights Center didn't return emails seeking comment.

To qualify for the special treatment, a person must complete a sworn affidavit affirming that the bidder is an immigrant-owned business and is prepared to bid on state contracts. If the preference targets are not met, the

law requires the governor to propose ways to meet them.

The bill is part of a legislative package involving immigration that was introduced by House Democrats on June 8. Here is how Michigan Votes described some of the other bills in the same package:

House Bill 4727

Introduced by Rep. David LaGrand (D)

To prohibit police agencies in Michigan from detaining an individual not charged with a crime on the basis of a 48-hour federal "immigration hold" request, unless there has been a judicial determination that probable cause exists to believe that the individual committed a crime in this state.

House Bill 4725

Introduced by Rep. Jeremy Moss (D)

To prohibit state agency databases from including information that identifies an



Democratic State Rep. Jim Ellison

individual's country of origin, religious preference or sexual orientation.

House Bill 4723

Introduced by Rep. Yousef Rabhi (D)

To charge in-state tuition at state universities and colleges to most resident aliens, including those who entered the country illegally as a child and have been granted a deferral from prosecution.

House Bill 4733

Introduced by Rep. Stephanie Chang (D)

To prohibit granting state contracts to companies or individuals who have contracts to build a U.S. border wall. State officials would have to publish and maintain an updated list based on "credible evidence" of persons who have wall-building contracts.

House Bill 4730

Introduced by Rep. Abdullah Hammoud (D)

To prohibit the state or local government from checking the immigration status of new employees on the federal "e-verify" system, or require a contractor to do so. A government contractor that did use the system would be subject to a fine and barred from other contracts for a year. ■

The original version of this story was posted online on June 15, 2017 and is available at MichCapCon.com/23712.

Detroit Schools Would Already Be in Deficit if Not for Teacher Vacancies, Extra State Money

BY TOM GANTERT

The reconstituted Detroit public school district would already be back in a deficit if it had filled 300 teacher openings and was not getting extra "transition cost" money from a 2016 state bailout. If the district were fully staffed and not getting the extra state dollars, it would once again be spending more than its current revenue can support.

That's according to documents from the state commission that oversees the finances of the still-shrinking school district under the direction of the bailout law.

The most recent report from the Detroit Financial Review Commission was released June 1.

The report states: "It should be noted that if necessary positions were filled and transitional funding not provided, the District would have been in deficit."

The Detroit Public Schools Community District has started a campaign to fill those vacancies. An article by the statewide news site MLive had this headline: "Want to work in Detroit Public Schools? They're hiring 300 teachers."

Chrystal Wilson, the district's spokeswoman, told MLive the district wants to hire 300 teachers for the 2017-18 school year.



The district has not responded to emails from Michigan Capitol Confidential.

Overall, the district's fiscal challenges have been reduced. Detroit's chief finance officer told the transition board that for the first time in years, the district didn't have to borrow against future state aid payments to pay its bills. Detroit schools projects a general fund surplus of \$64.5 million in 2017.

The overhauled school district achieved solvency primarily "from one-time transfers related to the new District's legislation, one-time asset sales, and underspending in personnel-related expenses," according to the commission's report.

The bailout package used \$617 million from the state's settlement with tobacco companies to unburden

the school district of debt incurred through years of spending more than it took in. The bailout money allowed an 18-mill local school property tax to be diverted to servicing the debt rather than operating schools.

Officials who have tried to estimate the district's budget have had trouble accurately predicting its revenue. From December of last year to February, the district overestimated its revenue by 30 percent, or \$42 million. The latest report in May states that the district revenue projections were "in line" with what was budgeted.

The district continues to fall short on enrollment projections, though. For the 2016-17 budget, it projected enrollment at 45,511. Instead, it was 45,153, which put it in a \$2.9 million deficit. Enrollment dropped even further to 44,689 in the spring count day. According to the financial review commission, each student is worth about \$8,022 in funding to the district.

John Rakolta is a Detroit businessman who started tracking the Detroit school district's finances once he became part of a coalition in 2014 aimed at turning it around. He said that the district received \$15 million this school year as part of the bailout and will get another \$10 million

next year. He said the "transitional funding" stops in 2018-19.

Rakolta said he's heard different about the district's bottom line. He said he's been told by school officials that without the bailout money or unfilled positions, they'd still have a \$5 million surplus.

"I am concerned with the budget," Rakolta said in an email. "Although we have made significant progress over the last 12 months there are still two significant issues that need to be resolved to stabilize the system."

Rakolta said the exodus of students has to stop and the district needs to deal with special education.

"Both present significant financial risk going forward," he said. "Yes, we absolutely need to fill the 300 positions that were provided for in the budget and the 500 other unfilled positions that would be paid for by Federal Grants."

The district is also receiving extra money this year from the Wayne County RESA property tax hike passed last November. The state review commission says the increased tax levy will give Detroit schools an extra \$17 million each year. ■

The original version of this story was posted online on June 14, 2017 and is available at MichCapCon.com/23691.

National Park Service Spends \$506k to Promote Old Cars

BY TOM GANTERT

Michigan's Woodward Dream Cruise began in 1995 as a fundraiser for a local soccer field. Today the annual celebration of classic automobiles draws an estimated 1.5 million people and 40,000 vintage cars in August.

Leon Drolet, chair of the Michigan Taxpayers Alliance, holds the Dream Cruise up as the model of how the private sector can promote the auto industry and its heritage. It demonstrates, he says, how society is capable of performing a cultural task with no assistance from government.

The MotorCities National Heritage Area Partnership is a nonprofit affiliate of the National Park Service that uses federal dollars to promote Michigan's auto-making heritage. The park service gave \$506,975 to the partnership in 2015, which was in the news earlier this year when President Donald Trump included it in a list of possible spending cuts.

MotorCities promotes sites in 16 Michigan counties, collaborating with local groups and governments to advertise sites and events with highway signs, websites and educational events in museums and luncheons.

Why should the federal government promote Michigan's auto heritage?

"Because it's a matter of public interest that reaches beyond our status as individuals," said Shawn Pomaville-Size, executive director of the MotorCities National Heritage Area Partnerships, in an email.

"The story of how this region put the world on wheels is an American story of how tinkers became titans; of how we helped establish and expand the United States as an industrial power, and of how we helped create the middle class," she continued. "This story should be preserved, celebrated, widely disseminated, and used to inspire the next generation while furthering our economic development."

Pomaville-Size added that an economic study in 2013 concluded that MotorCities generates \$35.4 million in tax revenue each year and supports 4,560 jobs.

One of the premiere programs of MotorCities is Autopalooza, a website that promotes automotive-related activities such as cruises, races and shows during the summer.

For example, Autopalooza promotes the Woodward Dream Cruise, something Drolet takes issue with.

"It looks like they are Parasiteapooza," Drolet said. "They want to latch onto other people's work so the government can take credit for it. I don't even know what Autopalooza is. I've never heard about it. I've never heard anyone talk about it. The citizens look forward to the Dream Cruise."

"There is no greater demonstration that citizens don't need a government agency to celebrate their history and their heritage," Drolet said. "The Dream Cruise is a perfect example of this. It wasn't led by government."

Janina Jacobs, who is involved with Eastpointe Cruisin' Gratiot, said that Autopalooza has distributed promotional materials and put together a video highlighting all member organizations' events and cruises.

"As a golfer, I can compare AP [Autopalooza] to organizations or sites which collect all the golf charity and celebrity event dates and post the schedule as a way to promote golf events, as one-stop shopping instead of having to look up cruises individually," Jacobs said in an email. "Personally, I think it is a very worthwhile endeavor, that is, if people can spell it! That may be the largest hurdle to overcome, but once people know it, it catches on."

The MotorCities initiative is not government's first adventure in promoting Michigan's auto heritage. In 1984, a \$70 million theme park called "Autoworld" opened in Flint, with half the money coming from state, federal and local taxpayers. Big promises were made about the economic impact an expected 900,000 annual visitors would have on the local economy.

Actual attendance was a shadow of those figures and two years later, the facility closed its doors. In 1997 the dream imploded for good. Literally. ■

The original version of this story was posted online on May 17, 2017 and is available at [MichCapCon.com/23637](https://goo.gl/TE1pwa).



You can watch the demolition of the Flint's AutoWorld at <https://goo.gl/TE1pwa>.

Michigan Universities Also Socked by Massively Underfunded School Pensions

BY EVAN CARTER

Michigan's public school districts are not the only educational institutions grappling with the financial burdens of a massively underfunded pension system. Seven of the state's 15 public universities are also having to pay large sums to catch up on the public school system's debt, which since just 2009 has risen from \$12.0 billion to \$29.1 billion.

The schools are paying these costs even though no new university employees have been enrolled in the Michigan Public School Employees Retirement System since 1995. But all those who were hired before then remained in the pension system and continue to accrue pension credits from it.

If the state run pension system were fully funded this would not be a problem, because the universities would only have to contribute enough each year to pay for another year's worth of pension credits earned by each covered employee. But because it is not fully funded, universities must also contribute toward catching

up on years of past underfunding. This means the small number of employees still covered by the old system account for a disproportionate amount of the schools' payroll costs.

According to Michigan Technological University Vice President Ellen Horsch, roughly 250 of MTU's current 1,300 employees are covered by the traditional pension system.

Michigan Tech spent an average of \$28,607 for each employee in MPSERS, of which \$17,513 goes towards the underfunding in the system between July 1, 2014, and June 30, 2016, according to data provided by the university.

"The fact that we got out of this system is helpful, because we have that light at the end of the tunnel in 2038 [when MTU's unfunded liabilities are projected to be met]," Horsch added. But she also said that MTU and the other universities in the system still need financial relief from the burdens it imposes.

Michigan Tech is joined by Central Michigan University, Eastern Michigan University, Ferris State University, Lake

Superior State University, Northern Michigan University and Western Michigan University. All are stuck with unfunded liability costs that make the benefits provided to their employees hired before the 1996 law much more costly.

MTU estimates that having 250 employees still in the traditional pension system commonly known as MPSERS means it was assessed more

than \$3.4 million in unfunded liability costs between July 1, 2014, and June 30, 2016. Over the same period, Central Michigan University was assessed upward of \$7.8 million in these costs. In total, the seven universities were required to pay \$33.4 million in unfunded liability costs. ■

The original version of this story was posted online on June 10, 2017 and is available at [MichCapCon.com/23671](https://goo.gl/TE1pwa).



Michigan Technological University
Photo courtesy of Michigan Technological University

IT'S JUST A BILL

MichiganVotes.org

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

Senate Bill 249

Ban government, school district discrimination against charter schools

Introduced by Sen. Mike Shirkey (R)

To prohibit a school district or local government from refusing to sell property to a charter or private school, or taking other actions designed to keep these potential conventional public school competitors from using property for a lawful educational purpose. Prohibited actions could also include imposing deed or zoning restrictions. A number of local governments and conventional school districts have adopted such restrictions in the past.

Senate Bill 363

Give road salt contracts to Detroit Salt Company, not the lowest bidder

Introduced by Sen. Rick Jones (R)

To allow the state pay up to 8 percent more for road salt from the Detroit Salt Company. The bill would exempt these transactions from regular lowest-bidder contracting rules. Note: While Detroit Salt's mine is in Michigan, it is owned by a Canadian holding company.

House Bill 4557

Authorize prison for bringing 26 or more cases of beer or wine into state

Introduced by Rep. Joseph Bellino, Jr. (R)

To authorize up to four years in prison and a \$5,000 fine for bringing more than around 26 cases of wine or beer into the state without all the required licenses mandated by the state. Smaller quantities would be subject to 93 days in jail.

House Bill 4065

Let Corrections Department hire former prisoners

Introduced by Rep. David Pagel (R)

To repeal a prohibition on the Department of Corrections hiring former convicts. Individual hires would require permission from the department director.

Senate Bill 122

Allow dogs in outdoor cafés

Introduced by Sen. Margaret O'Brien (R)

To permit a restaurant to allow customers' dogs in outside dining areas. Under current law only seeing-eye and other service dogs are allowed in restaurants. Local governments could still choose to ban dogs.

Senate Bill 290

Increase election recount deposit requirements

Introduced by Sen. David Robertson (R)

To increase to \$250 per precinct the deposit that a candidate must make to get an election recount if the winner's vote margin was 5 percent or more. This relates to the actions of the 2016 Green Party presidential candidate and Democratic Party operatives after the defeat of Hillary Clinton in Michigan. These persons orchestrated a statewide recount allegedly on behalf of a Green Party candidate who received less than 2 percent of the Michigan vote.

House Bill 4205

Limit state department rulemaking authority

Introduced by Rep. Triston Cole (R)

To prohibit a state department from promulgating rules more stringent than required by federal standards, unless specifically required by state statute, or if the department director determines "the preponderance of the evidence" shows a need to do so. Republican Gov. Rick Snyder has vetoed a previous version of this proposal.