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State Police Pay 43 Officers Over \$300k Each To Not Retire

*Legislature creates incentive for
early retirement — then pays
people to not take it*

BY EVAN CARTER

The Michigan State Police paid seven troopers more than \$400,000 each to delay taking early retirement and a lifetime pension. Another 36 officers were paid more than \$300,000 each to not take advantage of an early retirement privilege. The current system grants state police officers a full pension after 25 years in law enforcement, even if they are under age 50.

Those findings are from a Freedom of Information Act request. The records covered 177 Michigan State Police employees who were paid not to retire between 2012 and 2017.

On average, the officers were granted around \$164,000 in pension benefits while simultaneously

collecting a regular paycheck. The actual collection of their early benefits is deferred and eventually delivered in one or more lump sum payments.

Sen. Rick Jones, Republican from Grand Ledge and former Eaton County sheriff, questioned the idea of this program, which is called the Deferred Retirement Option Plan (DROP).

"If somebody retires from a position, I would prefer that they either retire, or if they want to continue employment, they continue employment with some other position," Jones said. "If this somehow saves money by keeping them on as a contractual employee,

See "State Police," Page 5

IN THIS ISSUE



Page 6

**Cleaning Hats in Detroit
Still Requires a License**



Page 11

**How a Private Arts
Festival Thrives**

Former Campaign Manager Cites Granholm's Job Creation Despite Loss of 596,000 Jobs

Granholm took credit for every worker at Ford

BY TOM GANTERT

David Katz was the campaign manager for Jennifer Granholm's first campaign for governor, from January 2001 until she won the office in November 2002. In a recent article by MIRS News, Katz said he welcomed the efforts of critics to cite Granholm's record as a way of making unflattering comparisons to

current Democratic gubernatorial candidate, Gretchen Whitmer.

"I hope they do" recall her record, said Katz, now an executive with the Detroit Medical Center.

Katz was also quoted as saying that Granholm created 650,000 jobs during her two terms as governor.

See "Granholm," Page 10

Elected Officials Stand to Get Thousands from Wind Deals If Zoning Approved

BY TOM GANTERT

Two current members of a Michigan county board that is considering zoning changes to allow wind farms have apparently entered into leases with a company developing a wind farm. Contracts for placing wind turbines reportedly pay landowners \$8,000 to \$14,000 annually.

While Isabella County has been asked to make zoning changes that would allow a

wind developer to erect 200 or more wind turbines, county commissioners George Green and Frank Engler have entered turbine tower lease agreements with Apex Clean Energy, Inc., according to a website that tracks deeds recorded in the county.

The website Isabelladeeds.com shows a lease agreement between George A. Green and

See "Wind Deals," Page 12

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WHERE	Westin Southfield Detroit 1500 Town Center Southfield, MI 48075
RSVP DATE	Friday, October 20 at 12 noon

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LETTER FROM THE PRESIDENT

Corporate Welfare and the Art of the Possible

JOSEPH G. LEHMAN

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

A Mackinac Center supporter and I recently discussed Michigan legislation that subsidizes select businesses. He had wondered if some forms of subsidies might be needed or at least useful in the grand scheme of political tradeoffs. Both of us wanted a nuanced understanding of the other's views, not just a stark reduction of our positions, which in my case might have sounded like, "Free markets good, corporate welfare bad." It takes more than that to increase understanding and find common ground.

The bills Gov. Snyder signed into law were dubbed by their supporters as the "Good Jobs for Michigan" package. MichiganVotes.org, our legislative database, describes bills according to what they actually do rather than what their sponsors intend. Our description reads, "Transfer state revenue to certain business owners."

I laid out eight problems with corporate welfare.

It doesn't work. Most of the empirical research (ours and others') shows negative or tiny positive economic outcomes. Even if the deals achieved the official job projections, they would constitute only a minute fraction of all jobs. Ending the deals isn't "unilateral disarmament" in the competition with other states, as some claim, when the deals don't work in the first place.

It isn't fair. Only certain companies get the special favors, and they're usually the ones with political connections or ones large enough to hire lobbyists to navigate the politics of getting chosen. The rest (more than 99 percent of companies) must keep pulling their own weight plus that of their subsidized competitors. Government shouldn't be "picking winners and losers," a phrase one political journalist credits us with coining and deeply embedding in the political lingo.

It isn't honest. Job projections are exaggerated. Economic impact claims are inflated. Unprovable threats are invented. Real harms are ignored. Companies are enticed to claim they can't thrive without special deals.

It's secretive. Michigan's last big corporate welfare program wouldn't even release the names of subsidized companies. The agency in charge is notoriously secretive and was set up as a private-public entity in part to skirt the law governing public records.

It breeds corruption. Mixing tax dollars with secrecy inevitably attracts some of the wrong

people to the party. We've discovered fraudulent attempts to grab cash by falsely inflating property values, creating fake companies, and more.

It's expensive. The state will take \$884 million from taxpayers for these programs next year, which would be enough to lower the personal income tax rate from 4.25 percent to 3.9 percent. It also requires paying state employees to select the companies, write up reports, and hand out cash.

It gives political cover to lawmakers who avoid tough choices. Giving free money to big companies is easy and fun and good publicity when people think it creates jobs. In contrast, controlling entitlements, reforming pensions, freeing workers from union compulsion, fixing infrastructure and balancing budgets all create more jobs. But they occur without the fanfare.

Every costly deal makes it harder to lower everyone's taxes, and every big company that gets a special deal loses the incentive to support broad-based relief.

I conceded to our supporter that in some ways the Good Jobs package is not as bad as the corporate welfare programs that are winding down. He readily agreed that we must not let Good Jobs morph into something bigger, less accountable, and worse, as the last program did. (His firm, by the way, does not seek the special deals.)

He said, "We're not really very far apart on the spectrum" of opposing corporate welfare in principle. He also reminded me in his own words of something we should never forget: All policy moves through a political process. And politics is full of compromises where a smaller defeat coupled with a larger win is considered a win overall. For instance, we still hail Michigan's right-to-work law as a huge victory even though unionized police and firefighters were carved out and receive no protection from having to pay a union to keep their job.

Politics is said to be the art of the possible. The Mackinac Center's job is to make yesterday's impossible ideas possible today. ■

Joseph G. Lehman
Joseph G. Lehman
President



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Michigan Cities are Banning People From Renting Out Their Property

BY JARRETT SKORUP AND
MADELINE CONOVER

While cities like Detroit and Grand Rapids have largely embraced short-term rentals, that's not the case everywhere, meaning that this property rights issue has come to the forefront. Home sharing — where people rent out their residential property through companies like Airbnb and HomeAway — has become increasingly popular in Michigan. And some municipalities are fighting back by banning the practice.

That's not right, said panelists at a recent event sponsored by the Mackinac Center for Public Policy. Renting out your property for short periods of time has been done for as long as people have owned a cottage “up north.” But modern technology makes the process easy. Vacationers can find a unique place to stay, often at a lower price than hotels, and homeowners can exercise their property rights while earning a little extra income.

Kelli Fickel is a homeowner in Holland. Renting out her second home through Airbnb was quite a success. She welcomed guests from around the world, and even her neighbors rented from her during the holiday season when they wanted a vacation home for their in-laws.

Elaine Page, another Holland resident, told a similar story of her successful rental home. Page considered herself an ambassador for her city. A welcome sign in her home reads, “May all who enter as guests leave as friends.” Page pointed out that short-term rental properties are

often second homes, which are taxed at a higher significant rate than homesteaded properties. The additional tax base of second-home properties plays a vital role in the tourism economies of some towns.

Despite the benefits, this practice has some opponents. Hotels and members of the accommodations and tourism industry don't like the competition. And some residents and homeowners associations don't like the flow of people coming through the neighborhood. These groups have encouraged local government officials to charge excess fees or even ban these rentals. That's happened in Traverse City, Grand Haven and elsewhere.

That's what happened to Fickel and Page. They saw a benefit to home sharing and had no incidents, but the city of Holland shut them down, citing zoning regulations. City council members halted the success enjoyed by Fickel and Page and their customers when they began enforcing ordinances to stop home sharing. The zoning code made it illegal to rent the home for periods shorter than 30 days. Officials also said that short-term rentals were against the character of a residential neighborhood.

Christina Sandefur, executive vice president of the Goldwater Institute in Arizona, argued that the arbitrary enforcement of home sharing laws — to deem it a criminal activity to rent out a home for less than 30 days — severely infringes on property rights.

The Goldwater Institute has filed lawsuits nationwide on this issue. Sandefur



Panelists speak about short-term rentals at a recent Mackinac Center event.

talked about instances in Arizona, Chicago and Miami where the practice is being banned or severely restricted.

Brian Westrin, vice president of public policy and legal affairs for the Michigan Realtors, said the picture painted by opponents of home sharing as encouraging “discourteous short-term occupants hurting the neighborhood, is not accurate.”

The problem, Westrin says, is local officials mistreating short-term rentals as commercial activity and outlawing it. He sees the practice as a residential use and argued that classifying it as a commercial use is an infringement on property rights.

“We're not telling [local governments] not to regulate at all ... but you should not use zoning to treat property owners favorably in one sense or unfavorably in another or to ban it outright,” Westrin said.

The situation for home sharing individuals may be changing. Senate Bill 329, sponsored by Sen. Joe Hune, R-Fowlerville, and House Bill 4503, sponsored by Rep. Jason Sheppard, R-Monroe, would forbid local governments from using zoning regulations to prohibit short-term rentals.

The panelists noted that local governments can already use ordinances covering nuisances to address problems that might arise from home sharing, such as loud noise, heavy traffic, unsightly trash and others. As long as the ordinances are applied fairly, home sharers have no issue. The panelists agreed that the bills would address the challenge of both upholding property rights and maintaining clean and safe communities. ■

The original version of this story was posted online on July 1, 2017 and is available at MichCapCon.com/23722.

Less Than A Year After Bailout, Detroit Schools Again Scramble to Stay Afloat

BY TOM GANTERT

In June 2016, the newly reconstituted Detroit public school district received a \$617 million bailout from the Michigan Legislature, wiping some \$415 million in accumulated debt from its books. The full bailout amount included a projected interest expense and an additional \$150 million grant to the district for so-called transition costs.

But by the end of that same year, the “new” school district had to leave

300 vacant positions unfilled, sell \$10 million in property, and use a one-time transfer of \$15.7 million left on the “old” district's books to keep from racking up another round of deficits and debt. That's according to documents received from the Detroit school district in response to a Freedom of Information Act request, along with reports from the Michigan Department of Treasury.

The state bailout placed the district under the oversight of the Financial Review Commission, created in 2014 to

oversee municipal finances after the city of Detroit's own state bailout and a trip to federal bankruptcy court.

In May, Detroit school officials filed a report with the commission indicating the district would have overspent its revenue in 2017 if not for “one-time transfers,” “one-time asset sales” and “underspending in personnel-related expenses.”

Not filling the vacant positions saved the district about \$36 million in the 2016-17 school year. The district also

collected just over \$10 million from the sale of 33 properties in 2016 and early 2017. The largest of these was a \$6 million sale of a radio station the district owned, WRCJ-FM.

Having taken these and some other steps, the school district had a positive fund balance in May of \$40.3 million, rather than being in debt again. ■

The original version of this story was posted online on Aug. 8, 2017 and is available at MichCapCon.com/23868.

STATE POLICE

from Page One

I understand it, but it certainly doesn't have a good appearance."

But according to James Hohman, director of fiscal policy at the Mackinac Center for Public Policy, "There are real costs to this perk." The DROP program is responsible for adding \$85 million in unfunded pension liabilities, according to state civil service and actuary reports.

This legalized version of pension double-dipping was authorized by a unanimous vote of both the Michigan House and Senate in 2004. It came about because previous legislatures had placed no minimum age on full retirement, meaning that officers could retire at a relatively young age as long as they had 25 years

of service. Many do just that, going on to start a second career while also collecting monthly state pension benefits.

Replacing these officers requires the department to organize costly "trooper schools," and in the depths of Michigan's "one state recession" of the early 2000s, money was tight. In consequence, the number of active troopers dropped from about 1,340 in 2001 to 1,080 in 2004.

But rather than addressing the source of the problem — letting state police officers stop working and collect a pension at such a young age — lawmakers instead created the DROP scheme.

The documents obtained by Michigan Capitol Confidential cover 177 Michigan State Police officers, but another 594 who were hired before June 1, 2012, are also eligible for DROP money. There are currently 1,844 uniformed state police officers.

An officer can accumulate DROP benefits for up to six years, and their value increases retroactively over that time. After six years, it's as if an individual has been collecting a full pension for the entire period in addition to his or her regular salary, overtime and other benefits.

Legislators have never addressed the root cause of the problem — a system that rewards individuals who stop working before the age of 50 — so the department still struggles to retain members. Michigan State Police spokeswoman Shanon Banner said in an email, "Because attrition has been so high and is forecasted to remain high in the upcoming years, the argument for DROP is no less valid today than it was in 2004." ■

The original version of this story was posted online on Aug. 18, 2017 and is available at MichCapCon.com/23884.

PAYMENTS TO MICHIGAN STATE POLICE EMPLOYEES TO NOT RETIRE

The top payments given out to individual Michigan State Police employees for delaying retirement for up to six years.

1. **\$459,924**
2. **\$445,763**
3. **\$443,081**
4. **\$433,245**
5. **\$424,236**
6. **\$416,119**
7. **\$400,015**

Oughta Be A Law? Neighbors' Dispute Leads To Air Conditioner Noise Rule

BY EVAN CARTER

The city of East Lansing enacted an ordinance earlier this year making it illegal to operate an air conditioning unit louder than 55 decibels at night and 60 decibels during the day as measured from the property line.

The ordinance's caps could effectively ban a number of air conditioning units. Carrier, a leading manufacturer of air conditioners, lists 17 units on its website for residential use. Only one of those could operate at fewer than 60 decibels. Ten can only operate above 70 decibels.

As sound moves out from its source, it dissipates, so an air conditioner producing 64 decibels may not sound that loud at the property line. Also, decibel sound measurements are logarithmic, meaning 70 decibels is perceived by the human ear as being 10 times louder than 60 decibels.

East Lansing isn't the only municipality in the state restricting the noise-level of air conditioners. At least 10 others, including Ann Arbor, Farmington Hills and Grand Rapids, have similar ordinances according to an East Lansing city report.

Two next-door neighbors in the city had a disagreement about how loud an air conditioning unit was. After months of dispute and threats of a restraining order, one neighbor asked a member of the city council to pursue an ordinance that would effectively ban the use of the other's air conditioner.

The homes of residents Marilyn McEwen and Karen Twyman are 10 feet apart and McEwen's air conditioner, which runs at above 60 decibels, is located between the two houses. According to city emails obtained by Michigan Capitol Confidential, McEwen is elderly and needs the air conditioner to sleep. Twyman claims

the noise created by the air conditioner keeps her from being able to sleep.

Twyman contacted Mayor Mark Meadows and City Council member Erik Altmann in July 2016 after unsuccessfully working out the issue with her neighbor. Twyman suggested the city add restrictions on air conditioners to its noise ordinance. This came, she claimed, after she contacted the police with a noise complaint, and they did not ticket McEwen for not turning off her air conditioner.

Twyman also claimed ear plugs didn't block out the air conditioner's noise enough for her to sleep.

"Please let me know what you think," Twyman said in an email to Altmann. "Is this an issue that might gain some traction here in East Lansing? If it might, I would like to pursue it."

Meadows suggested discussing air conditioners and the noise ordinance to the Sept. 20 city council meeting

and Altmann pushed for the change in the council. In March 2017, the council revised the city's noise ordinance to include restrictions on air conditioners.

Altmann described his support for the ordinance in a July 28 email to a city resident.

"In my mind, the ordinance serves a public interest if it guides decisions about locating new units, and if it gives someone who's feeling besieged by unwelcome noise some institutional backing," Altmann said. "I have been in this situation, and that does inform my thinking."

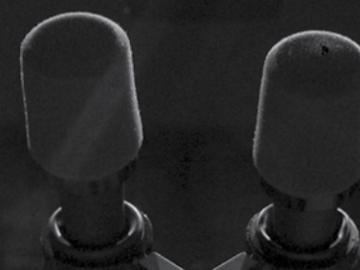
Altmann didn't see the restricted noise levels as an issue, and suggested placing louder air conditioning units behind privacy fences so they would be in compliance with the new ordinance. ■

The original version of this story was posted online on Aug. 16, 2017 and is available at MichCapCon.com/23882.

HIGH SCHOOL DEBATE

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Cleaning Hats in Detroit Still Requires a License

BY EVAN CARTER

The high-end hat business isn't what it once was in Detroit. At his second inauguration in 1956, President Dwight Eisenhower wore a hat from Henry the Hatter, which left Detroit earlier this month after its landlord kicked the business out of its downtown Detroit location of 65 years.

Even though hat-wearing is no longer a popular fashion, the city still has an ordinance mandating businesses that wash hats get a license. The ordinance was written for a time when people would drop their expensive hats off at businesses that only cleaned hats, according to Kevin Jones, the manager of the city's Business License Division. Those businesses no longer exist in Detroit.

The city is considering repealing its occupational licensing requirements for hat washing, and Jones said the city hasn't enforced the licensing mandate in at least 19 years.

"Relaxing enforcement may be an alternative to taking [an ordinance] off the books," Jones said. "It's quicker to leave something unregulated, than to repass an ordinance."

Jarrett Skorup, who wrote a recent study on occupational licensure for the Mackinac Center for Public Policy, said that leaving unenforced rules on the books is bad governance.

"It's good that the city isn't enforcing this ridiculous regulation, but the government shouldn't make a mockery of the rule of law by arbitrarily ignoring its own rules," Skorup said.

He noted that before the city entered bankruptcy, Detroit shut down 900 businesses for regulatory violations, which were often minor. "A better option would be Detroit thoroughly reviewing the licenses and regulations it has on the books and repealing those not related to health or safety," Skorup said.

When contacted by Michigan Capitol Confidential, many dry cleaning businesses in the city, including those which wash hats, had no idea Detroit mandated a license.

Parakeash Shah, who owns and operates City Laundry in northwest Detroit, is tired of dealing with occupational licensure mandates after

30 years in the dry cleaning business. Shah said he tries to follow all applicable city rules but has at times felt harassed, saying he has been subjected to inconsistent enforcement throughout the years.

Shah wants to be left alone to run his business.

"The less they come into my place, the happier I get," Shah said. "I don't want to get any more licensing; I don't want to do it anymore."

Jones said the city notifies businesses about its mandates by sending out investigators to survey businesses and then sending memos to those affected. Sometimes investigators visit businesses for face-to-face visits.

A hat washing license is just one of the approximately 60 occupational licenses the city government requires of people operating a business in Detroit. The city's mandates are imposed in addition to those created by state law.

Examples of other city-specific occupational licenses include those needed by awning erectors, window washers, movers, auctioneers, sign erectors, landscape gardeners and snow plow operators.

"Detroit requires a special license for all kinds of occupations that no

other city does," Skorup said. "These do nothing to contribute positively to the health and safety of citizens; it simply prevents people from working in a city desperate for jobs."

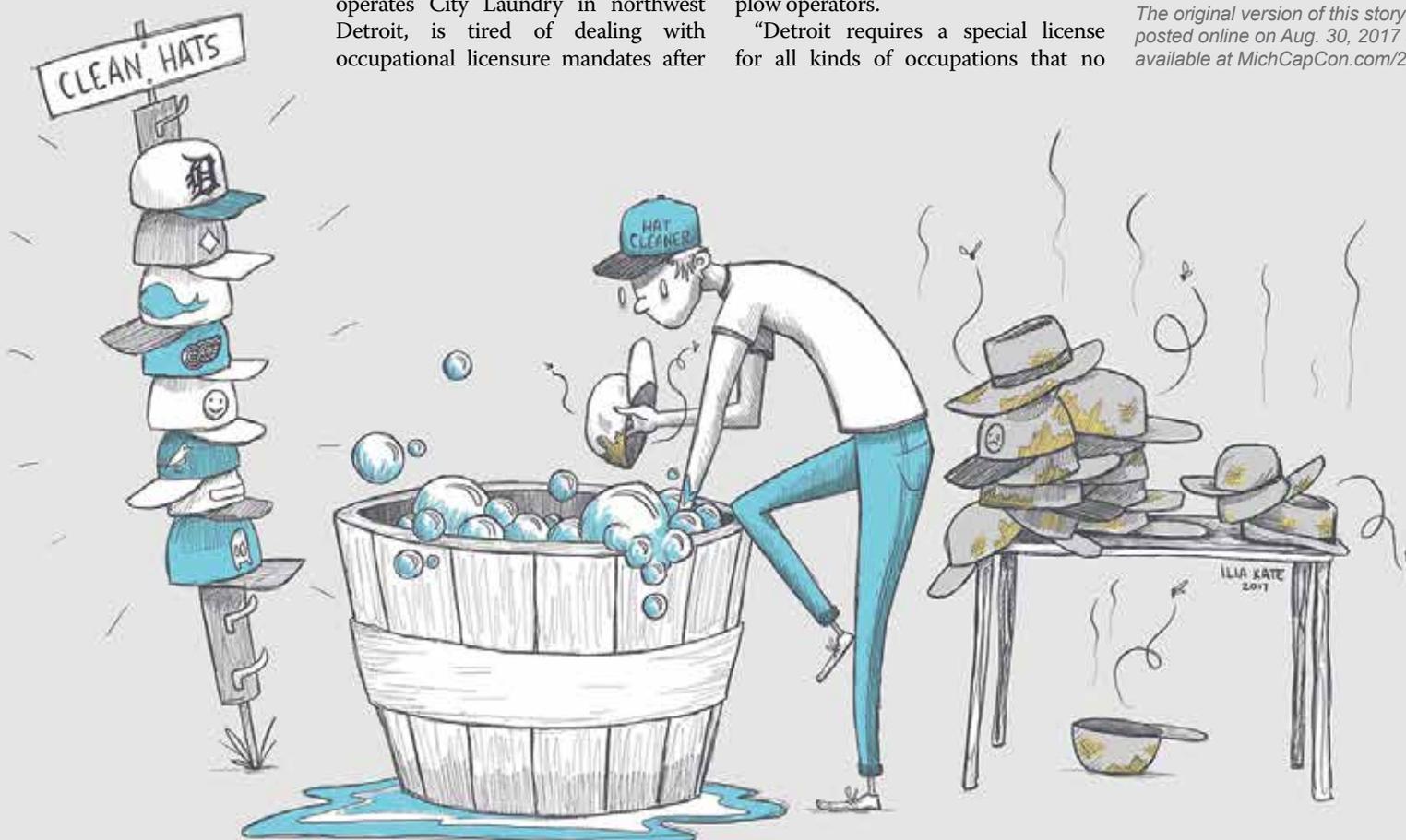
Some states have recently passed reforms that prevent cities from instituting their own unique occupational regulations.

Earlier this year, Tennessee banned local governments from passing their own occupational licensing laws. Wisconsin passed similar legislation in 2016.

Some Michigan legislators are interested in this type of legislation. According to Rep. Brandt Iden, R-Kalamazoo, a package of bills addressing licensure issues could be introduced in the Michigan House as soon as this fall. Iden chairs the House Committee on Regulatory Reform.

"We want to make it as easy as possible to get into careers as quickly as possible, he said. "What I would certainly oppose is a local municipality [unnecessarily] making it more difficult to get into an industry." ■

The original version of this story was posted online on Aug. 30, 2017 and is available at MichCapCon.com/23915.



Need A License To Shampoo Hair For Pay? Michigan Says 'Yes'

BY EVAN CARTER

The state of Michigan issued a cease-and-desist order to a Garden City hair braiding shop last year because the owner didn't have a license to shampoo hair.

Michigan law requires establishments that provide various haircare services such as hair cleansing to have a state-issued cosmetology license, which takes 1,500 hours of training, hundreds of dollars and an exam. Licenses for braiding hair are optional.

Paul Avelar, an attorney for the nonprofit law firm Institute for Justice who represents hair braiders nationwide, said occupational licenses like the one required for shampooing are often abused by licensed businesses to fight competition.

"Most of these complaints come from paperwork violations, not from actually harming someone," Avelar said. "Licenses aren't being used to protect the public, but being used to protect the turf of the licensed occupations."

Licensing requirements are occasionally repealed, however. In 2017, for example, the Tennessee Legislature repealed the state's shampoo licensing requirement after the Beacon Center, a free-market think tank in Tennessee, filed a lawsuit against the state licensing board on behalf of a woman looking to earn extra income at her friend's salon.

The owner of Barbee & Bean Hair Design filed a complaint with the Michigan licensing department in March 2016 about Blanca's Braids. The hair braiding establishment, a neighboring and rival business, did not have a license to shampoo hair, according to documents obtained through an open records request.

"Why should I go through all the hoops of taking all of the classes and making sure my things are straight if she can just go straight to the front of the line?" asked former Barbee Bean co-owner Tracy Barbee.

Barbee said in a letter to the state that Ntcharba Chabi, the owner of Blanca's

Braids, shouldn't be able to operate her hair-braiding shop without a cosmetology license because her business had a shampoo bowl. In addition to braiding and washing hair, Blanca's Braids would straighten the hair of customers.

An applicant seeking a cosmetology license must be at least 17 years old and have a ninth-grade education. The applicant must also have at least 1,500 hours of study at a licensed school of cosmetology or serve as an apprentice for more than two years in a licensed cosmetology establishment.

An investigator from the enforcement division of the licensing department interviewed Chabi in July 2015. In August, Chabi received a cease-and-desist order, which faulted her for "providing cosmetology services without possessing a cosmetology license."

The order informed her that by operating a hair braiding shop without a cosmetology license, she had committed a misdemeanor, punishable by \$500 and

90 days in jail. If she is caught operating without a license again, she could be fined \$1,000 or sentenced to one year in jail.

In the time since Blanca's Braids received the cease-and-desist order, it has continued to operate. Barbee closed Barbee & Bean Hair Design, opening a cosmetology establishment in a different part of Garden City.

Blanca's Braids has a 4.8-star rating on Google with 32 reviews.

When asked why a shop needs a license to shampoo hair, Jason Moon, communications director at the Department of Licensing and Regulatory Affairs, said state law defines activities that require a cosmetology license. Moon's department is the state agency that enforces licensing laws.

Chabi didn't return an email requesting comment sent to the business email of Blanca's Braids. ■

The original version of this story was posted online on July 25, 2017 and is available at MichCapCon.com/23818.

Outgoing Leader Was Disastrous for Teachers Union

MEA lost tens of thousands of members and power under president Steve Cook

BY TOM GANTERT

Steve Cook has stepped down as president of the state's largest teachers union. His six years in the position coincided with a Republican "trifecta" — Republican control of the state House, Senate and governorship.

During their years of legislative dominance, especially early on, GOP majorities used their control to enact a number of reforms that diminished the power and resources of the Michigan Education Association.

Cook was elected MEA president in April 2011 and assumed the role in September of that year. His retirement was effective Sept. 1, 2017, according to the state of Michigan.

Cook and MEA officials did not respond to emails seeking comment on the former president's tenure.

One policy analyst who has written extensively on the subject characterized Cook's record as a failure from the union's point of view.

"Steve Cook's tenure could be viewed as one of consistent failure, at least when

considering the union lost numerous important legislative battles during his time," said Michael Van Beek, director of research at the Mackinac Center for Public Policy.

"But that might be unfair, because there wasn't much the union could do to prevent those reforms anyway," he said. "Either way, there's no doubt that Cook served during perhaps the organization's most tumultuous period ever."

Here are some of the major school reforms enacted while Cook headed the teachers union:

July 2011: Legislators passed a law that prohibited school districts from making employee layoff decisions solely on the basis of seniority. Unions have historically demanded that school district contracts include LIFO provisions, which means "last in, first out." As a result, less effective teachers who have more years on the job were retained while more effective teachers with less time were laid off.

Rather than base layoff decisions on teacher quality, some districts went so far as to use digits in individuals'

Social Security numbers as a tiebreaker. The 2011 law instead required administrators to consider a teacher's classroom effectiveness when making these decisions.

September 2011: A new law limited school districts' ability to give employees Cadillac health insurance benefits paid for almost entirely at taxpayer expense. It required school employees to contribute 20 percent toward the cost of their benefits. Alternatively, the law set a hard cap on the district's aggregate cost of providing these benefits.

This was a blow to the Michigan Education Special Services Association (MESSA), an MEA subsidiary that for years has sold high-cost coverage to districts. Some districts have kept their costly MESSA coverage even with the new law, effectively shifting a large share of the cost from taxpayers to employees.

For example, Livonia Public Schools stayed with MESSA. In 2016-17 the school district paid \$12,800 in premiums for each teacher with a family plan, while the teacher had to contribute \$5,650, according to information provided by the district.

Other districts, such as Dansville Schools, saved money by dropping MESSA in favor of less expensive coverage. Superintendent Amy Hodgson said dropping the MEA subsidiary's coverage not only saved the district \$250,000 per year, but it also saved Dansville teachers from having to pay any premium.

December 2011: Legislators phased out a cap on the number of public charter schools in Michigan, eliminating it altogether as of 2015. Previously, only 150 charters could be authorized by state universities, the most popular type of authorizing agency.

While union officials and their allies claimed that eliminating the cap would trigger an uncontrolled "Wild West" expansion of charters, that's not what happened. There were 247 charter schools in 2011. That number grew to 277 in 2013 and 298 in 2014. In 2017, there were 300 charter schools. Few charter schools are unionized.

December 2012: Michigan became the 25th state to adopt a right-to-work

One in Four Of This District's Teachers Missed More Than 20 Days of School

Michigan's use of substitutes much higher than national average

BY TOM GANTERT

The student handbook of the Plymouth-Canton public school district says that a principal may intervene if a student misses 20 days of school, with consequences that could be as harsh as criminal prosecution. It does not matter whether those absences are excused.

Yet 268 of Plymouth-Canton's 970 teachers — 28 percent — were not in their classrooms on 20 or more days in the 2016-17 school year. This is out of a 186.5-day annual work schedule.

The average number of days missed by each teacher in the district, which straddles the line between Wayne County and Washtenaw County, was 17.36 days last year. The median number was 14 days. Both numbers were provided by Plymouth-Canton Public Schools in response to an open records request.

Many media outlets of late have reported on substitute teacher shortages, and University of Michigan economist Don Grimes says that this state uses substitute teachers much more often than the national average. It is against

this background that Michigan Capitol Confidential is examining how often full-time public school teachers miss school.

Grimes reported on U.S. Bureau of Labor Statistics figures showing that substitute teachers account for 18.0 percent of all K-12 teachers in Michigan. This is much higher than the national average of 12.3 percent.

Michigan Capitol Confidential has asked several school districts, starting with Plymouth-Canton, for the number of days teachers were out of the classroom during the most recent school year.

Superintendent Monica Merritt did not return an email or a phone call to her office seeking comment.

The Plymouth-Canton student handbook says students are not permitted to have excused absences for things such as “staying home to babysit” or being “needed at home.”

But a very common excused absence cause for teachers was “family illness.”

In one example, a teacher missed school and was not in the classroom on 39 days. That teacher had 23 instances of family illness spread over eight months;

nine sick days; five bereavement days; one day for personal business; and one day for an out-of-district conference.

Another teacher missed 19 days, of which seven were sick days; five were for family illness; three were for personal business; three were for a field trip; and one was for bereavement.

Six teachers missed over 100 days; one missed 157, all of which were claimed as sick days.

The union contract allows teachers to earn sick days if they teach another class in lieu of the regularly scheduled planning period. The contract states that up to 180 unused sick days can be carried over from year to year, or stockpiled.

The reasons specified for valid teacher absences include the following: sickness, family illness, bereavement, personal business, out of district conference, other school business, field trip, religious holiday, curriculum workshop, jury duty, in-district meeting, union associated business and bonus personal day.

“I think it is alarming the amount of absenteeism not only in our students, but also our adult population. I think it

is a problem,” said State Rep. Tim Kelly, R-Saginaw Township, who chairs the House Education Reform Committee. “If you are absent 10 percent of the time you are supposed to be on the job, I think that's excessive. That seems like a big number to be gone.”

The union contract recognizes that leave time can be abused.

“The Association recognizes that abuses of sick leave or other leaves, chronic absence or tardiness, or willful deficiencies in professional performance by a teacher, reflect adversely upon the teaching profession and create undesirable conditions in the school system and may constitute failure on the part of the teacher to carry out his/her contractual responsibilities,” the contract states. “The Association will use its best efforts to correct breaches of professional behavior by a teacher and in appropriate cases, may institute proceedings against the offending teacher.” ■

The original version of this story was posted online on Aug. 17, 2017 and is available at MichCapCon.com/23883.

Meet The New Teachers Union Myths, Same As The Old Ones

BY TOM GANTERT

The Michigan Education Association's website is reporting on the activities of a new leadership team that started in September. They include the union's new president, Paula Herbart, along with Vice President Chanddra Madafferi and Secretary-Treasurer Brett Smith.

But the story repeats the same myths and false narratives that the union's prior regime told for years — teacher shortages and stagnating wages.

The story reports on what the union describes as a “listening tour,” complete with local teachers repeating many of the same myths.

One of these was Leland Public Schools teacher and local union president Keven Pershinske. He said that his district has a looming teacher shortage and that wages there are stagnating.

Yet, actual data from Pershinske's district refutes many of those claims.

One Leland teacher had a salary of \$44,671 in 2013-14, which rose to

\$49,597 in 2015-16 — an 11 percent increase over two years. Another Leland teacher was getting \$51,876 in 2013-14, which increased to \$58,009 in 2015-16 — an 11.8 percent raise.

Pershinske's own salary rose from \$66,284 in 2013-14 to \$71,601 in 2015-16, an 8-percent increase over two years.

While the article talks about a teacher shortage, applications for teacher positions at Leland don't support that claim. Leland Public Schools is a small district in northern Michigan with just 529 students and 36 full-time teachers in 2016-17.

The school district posted two teacher openings in 2016-17. It received four applicants for an English Language Learner teacher and 14 applicants for a first and second grade teacher, according to a report received in response to a Freedom of Information Act request. ■

The original version of this story was posted online on Sept. 18, 2017 and is available at MichCapCon.com/23958.



Despite Claims, There Is No Teacher Shortage in Michigan

BY TOM GANTERT

The Portage school district in Kalamazoo County averaged 41 applicants for each of the 42 full-time teacher openings it advertised in 2016-17. One first-grade teaching position received 140 applicants.

With so many applicants seeking teacher jobs, claims of a looming teacher shortage are hard to support.

Yet Jim French, a principal at Portage Public Schools, wrote an article in which he argued that a shortage of substitute teachers is part of a bigger problem — a shortage of regular, full-time teachers. On Twitter, the Michigan Association of Secondary School Principals, of which French is an official, Tweeted at the Mackinac Center in a message that read, “Substitute Teacher Shortage — Now a Teacher Shortage?”

Michigan public school administrators and the mainstream media here have promoted the teacher shortage narrative. They often claim or insinuate that school management reforms enacted in the last seven years by a Republican legislature and governor have made the profession unattractive to new entrants. The latest such reform is an overhaul of the grossly underfunded school pension system.

To determine whether the shortage claims are valid, Michigan Capitol Confidential sent open records requests to several school districts. The responses generally indicate that schools are getting more than 100 applicants for many open teaching positions.



French said his claim of a teacher shortage is tied to the reduction in the number of people earning teaching certifications within the state every year.

There were 9,665 teaching certificates awarded to Michigan applicants in 2004. That number dropped to 3,696 in 2016, according to the Michigan Department of Education.

“I do not disagree that we get applications (good and bad) but the issue I raised about teacher shortage is the current enrollments in our state university education programs,” French said in an email. “They are down drastically and it is indicative of a larger issue on the horizon ... teacher shortage. If we cannot entice our (MI) students to pursue education as a career, how are

we going to entice students from other states to come to Michigan and teach? Especially with the recent changes and the elimination of teacher pensions.”

A decline in the number of people earning new teaching certificates can be explained, in part, by the reduction of available jobs due to declining enrollment statewide.

There were 95,000 full-time public school teaching positions in 2016-17, down from 107,537 in 2007-08, a 13 percent reduction. The number of Michigan students has dropped from 1.65 million in 2007-08 to 1.53 million in 2016-17.

It may also be related to a bipartisan consensus in recent years that education departments were producing a surplus

of potential candidates for regular classroom positions but possibly not enough for specialized slots. For example, a 2013 Education Week article quoted Michigan Superintendent of Public Instruction Michael Flanagan saying that teacher preparation programs “can’t be an ancillary part of this system that’s so autonomous they don’t have to worry about these issues of supply and demand.”

The Michigan Department of Education estimates there are 104,667 Michigan residents with valid Michigan teaching certificates who are not teaching in the state. By comparison, there are 71,886 Michigan-certified teachers reported as employed by a state public school.

“There is no definitive evidence of a general teacher shortage in Michigan,” said Ben DeGrow, director of education policy at the Mackinac Center for Public Policy. “In fact, the number of applicants for positions in many districts suggests the opposite. There are viable ways to attract more qualified candidates for the genuinely hard-to-fill positions. A key strategy, one that very few school districts have tried, is to offer different pay based on the relative supply. That would mean higher entry-level salaries for special educators and for high school math and science teachers.” ■

The original version of this story was posted online on July 24, 2017 and is available at MichCapCon.com/23814.

School Officials, Teachers Unions, Media All Complicit In Edu-Disinformation

BY TOM GANTERT

Teachers unions, public school administrators and the Michigan Department of Education have falsely portrayed the financial condition of public school teachers in an apparent effort to undermine reforms enacted by a Republican-controlled state legislature. And a complicit media has helped their project.

For the past year, union officials and some politically active school administrators have advanced two related narratives. The first is that teachers have stagnant salaries. The second is that there is a teacher shortage aggravated by attacks on the profession, which drive away potential candidates.

The facts do not support the narrative, however, including the actual number of applicants for open teaching positions. A statewide teacher salary database, meanwhile, shows the vast majority of teachers steadily advancing in pay.

The state’s largest teachers union has led the attack on education reforms.

And it has been helped by school administrators who appear unconcerned that some of the reforms they are undercutting directly address the source of what in other forums they characterize as their districts’ ongoing budget crisis.

For example, the Michigan Education Association ran a story on its website titled, “Pension Threats a ‘Deal Breaker.’” This referred to a new law that will make it much harder for state officials

to continue the massive underfunding that has put the school pension system \$29.1 billion in debt to its members.

In the story, Rockford Public Schools Superintendent Michael Shibler argued that partial pension reforms adopted in 2010 and 2012 were working and no more were needed.

“Those changes appear to be working, so why change that?” Shibler told the MEA.

But in 2010, before the first round of partial reform, Shibler’s district made a contribution of \$6.96 million into the pension system, one in an ongoing series of annual payments. In 2016, after two rounds of reform, its annual pension contribution had jumped to \$12.49 million.

To put this in context, if Rockford’s pension expense had remained at its 2010

level, every one of the district’s 463 teachers could have a \$12,000 bonus this year.

Shibler also said that earlier reforms — including modest limits on school employees’ health insurance benefits — were driving people out of the teaching profession.

“If the Legislature makes retirement less secure, or offers a plan that’s less attractive, people are quite simply not going to select teaching as a career,” he said.

Rockford Public Schools’ own experience filling open teaching positions does not support this claim, however.

Rockford had 598 applicants for 21 teaching positions posted in 2016-17, according to records received in response to a Freedom of Information Act request.

GRANHOLM

from Page One

The figure appeared seven years ago in a YouTube video of Granholm. When asked where she got the number, Katz said various state departments did research to produce it.

The video states: “In eight years, Gov. Granholm and her team created or retained more than 643,000 Michigan jobs.”

But it is unclear whether Katz is referring to actual jobs or simply job announcements. The deals that the state awards rarely meet their targets. Under the discontinued MEGA program, only 2.3 percent of job creation deals that were awarded between 2005 and 2011

met their job announcements. If the state referenced job announcements, then his figures would be inflated.

The video was posted on Granholm’s personal YouTube page, and doesn’t cite a source for the figure. Katz said he sent the video to MIRS and in his remarks should have included the reference to “retained” jobs.

The word “retained” implies that the state awarded tax credits to keep jobs that existed in favored firms. It contains an implication that without the state money, those jobs would have disappeared.

To cite one example, in 2009 Ford Motor Company was given a large subsidy deal. In a 2015 article on the statewide news site

MLive, economic development officials who worked under Granholm took credit for retaining 40,200 Ford jobs. In essence, they claim that but for Granholm’s giveaways, Ford would have shuttered all its Michigan facilities, eliminating or transferring every one of the 40,200 jobs it provided.

A month before Granholm took office, 4.49 million worked in the state of Michigan. By December 2010, Granholm’s final month in office, Michigan had 3.89 million payroll jobs — 596,000 fewer than eight years before. ■

The original version of this story was posted online on Aug. 24, 2017 and is available at MichCapCon.com/23905.



DISASTROUS

from Page Seven

law. This prohibited school districts from making employees pay union dues or fees as a condition of employment. The MEA had 117,265 dues-paying members as of August 2012. By August 2016, that number had dropped to 90,609, a decline of 26,656 dues-payers. The change has cost the union an estimated \$16.8 million annually.

June 2017: A pension reform law halted new school employee enrollment in a state-run defined benefit pension system that had accumulated \$29.1 billion in unfunded taxpayer liabilities. New teachers now have a choice of two options. The first is to receive generous employer contributions to their own defined contribution 401(k)-type accounts. The other is to enroll in a revamped pension system that requires much greater employee cost-sharing and

places some of the burden of any future underfunding on teachers themselves.

The MEA bitterly opposed pension reform despite the skyrocketing burden that persistent state underfunding was imposing on school districts. For example, Holly Area Schools saw its annual required pension expense jump 87 percent in just four years, going from \$2.06 million in 2011 to \$3.86 million in 2015.

The union appeared to ignore this problem. For example, as part of the

MEA’s ongoing campaign to persuade the public that teachers are grossly underpaid, an item on its website highlighted a Holly teacher who claimed to need a second job to make ends meet. Nowhere did the item mention the district’s growing pension expense or how it limited a district’s ability to pay teachers more. ■

The original version of this story was posted online on Sept. 5, 2017 and is available at MichCapCon.com/23924.

EDU-DISINFORMATION

from Page Nine

That’s an average of 28.5 per opening. The school district said it has access to a pool of nearly 11,000 eligible applicants.

Teacher compensation levels are another area where education officials — this time in state government — appear to have promoted a disingenuous narrative.

For example, State Superintendent of Public Instruction Brian Whiston has made claims about how little new public school teachers are paid when first hired.

“But the problem is,” he said in a Feb. 10 article from MIRS News, “why would our ‘best and brightest’ go into teaching making \$28,000 a year, while other students are getting jobs and making \$50,000 or more right out the college? We’ve got to do something about starting pay for teachers,” he continued.

Michigan Capitol Confidential challenged the Education Department to back up its leader’s claim of teachers starting at that low of a salary.

The department responded by pointing to three school districts with union contracts that prescribed starting

salaries that low. The three have a combined 25 teachers. (They are Nottawa Community School, Alba Public School and Wells Township School District.)

There are around 95,000 active full-time teachers in more than 500 Michigan school districts. Yet state officials pointed to those three districts with a couple dozen teachers as examples.

Michigan Capitol Confidential tracked the three-year salary trek of 160 teachers who started in 2013-14 at five different Michigan school districts. Their average starting salary was \$31,847, skewed lower because many taught for less than a full year. But the average pay had risen to \$45,783 in 2015-16.

This contradicts the narrative of stagnant teacher pay. There is the occasional fiscally challenged school district that is forced into a salary freeze, but they are the exceptions. Which means the vast majority of public school teachers get regular pay increases of some type.

The one consistent exception: Teachers at the top of the union pay scale, with base pay levels ranging from \$74,000 to \$95,000 depending on the district. But

even they benefit from occasional across-the-board increases.

The media has played a role by uncritically publishing and repeating inaccurate statements that unfairly portray teaching in a bad light.

For example, a June 15 story in The Detroit News reported that teachers were upset over the since-enacted pension reform then moving through the Legislature. One cited the measure as a reason that younger adults don’t want to be teachers. John Anderson, a teacher in the Western School District in Jackson County, said the lack of applicants for open teacher position in his district is evidence. He said his school district was lucky if it got three or four applicants for a teaching position.

Michigan Capitol Confidential asked Anderson’s district for records on the number of job applications its gets. The district received on average 29.7 applicants for each teaching position posted in 2016-17.

In another example, a series of stories by Michigan Radio reporter Jennifer Guerra portrayed teachers as underpaid and coping with stagnant salaries. Guerra

said, “You could be teaching seven years in a district, and be frozen on step one.” Step one refers to the lowest salary on the union pay scale.

When challenged to list a school district where this has happened, she said: “I was speaking hypothetically in that quote, thus the use of the word ‘could’ -- the goal was to illustrate to listeners what a freeze is. As you know, teacher pay is laden with jargon, so rather than say a teacher ‘could have been working in a district for four years but only increased half a step,’ I went with a bigger jump to illustrate the point. That said, many districts have experienced freezes, keeping teachers at the same step years in a row.”

The MEA made a claim in its February newsletter about a teacher at the East China district in St. Clair County who spent seven years stuck at the second step of the union pay scale before leaving the profession this year. But according to a public data base, this teacher saw a salary increase of 3.2 percent in 2014-15 and 3.9 percent in 2015-16. ■

The original version of this story was posted online on Aug. 7, 2017 and is available at MichCapCon.com/23865.

How a Private Arts Festival Thrives

BY JARRETT SKORUP

People like art. That's good — it's something that should be treasured and shared widely. But politicians have often taken that to mean government should subsidize it.

That's been the trend in recent decades. At the federal level, taxpayers spend \$148 million through the National Endowment for the Arts and the National Endowment for the Humanities, both established in 1965. Federal arts spending has consistently gone up for decades, but

based on the response to suggestions that it be cut slightly, you might conclude no art was produced in the United States before 1965.

The state of Michigan spends money on "arts" through a variety of programs and channels (including the Department of Environmental Quality). Most of the direct spending goes through the Michigan Council for Arts and Cultural Affairs, with a budget of more than \$10 million that insiders can dish out.

Local governments also spend big. The Detroit Institute of Arts gets \$23 million every year from people in Wayne, Oakland and Macomb counties through a special tax increase. That's on top of the state, federal and other city funds it receives.

Government spending on arts is dubious. What counts as "art" is subjective and particularly so when the government is in charge. For example, backers of Michigan's failed film subsidy program claimed that sending hundreds of millions of dollars to billionaire Hollywood film studios was "supporting the arts." And patrons of museums and festivals are, on average, far wealthier than most Americans, meaning the subsidies

benefit the well-off at the expense of the poor. Finally, art subsidies are also unnecessary — the private sector has and will continue to fund art no matter what government chooses to subsidize.

With this in mind, it's nice to see ArtPrize — a nonprofit, privately funded festival — doing so well. The Grand Rapids event is in its ninth year. The radio program "Our American Stories" recently took a deep dive into what makes ArtPrize so successful.

More than 500,000 visitors will experience art from 1,400 participants over the next 19 days. That makes it the largest arts festival in the world. That's about the number of visitors the Detroit Institute of Arts typically gets in an entire year.

The bottom-up nature of ArtPrize makes it unique. Anyone can enter for cash prizes and people vote, along with a panel of judges, on the winner.

From all accounts, ArtPrize is a fantastic event, and the fact that it doesn't require annual appropriations from the Legislature makes it even better. ■

The original version of this story was posted online on Sept. 20, 2017 and is available at MichCapCon.com/23963.



Thousands of ArtPrize visitors gather in Rosa Parks Circle in downtown Grand Rapids. (photo via JaenellWoods at WikiCommons).

Holland Going Into The Broadband Business

City plans to make its numbers by undercutting private sector competitors

BY EVAN CARTER

Holland officials want the city to go into the internet broadband business. But outside experts in both academia and the private sector warn this could mean trouble for both taxpayers and local enterprises that have invested their own resources into providing this service.

The fiber-optic network plan is a product of the Holland Board of Public Works, which currently provides electricity, water and sewer service. It expects to have the system completed in a small portion of downtown in October. There are currently 13 commercial internet service providers in the area, two of which offer internet speeds of up to 1,000 megabits per second, one of the selling points of the city's proposed system.

For the city to break even, 28 percent of the available customers within the service

area would have to sign up for the service, according to Becky Lehman, technology director for the utility. She said the project would be considered a success if it gained 37 percent of the local market. Officials project that in four years 42 percent of the potential customers in the downtown area will buy internet access from the city rather than a private vendor.

Holland public works officials think they can succeed in part by greatly underpricing the competition. According to official documents, 1,000 Mbps internet access with special services like individual support will be offered for \$220 per month. Brett Lindsey, president and CEO of Everstream, an internet provider that offers high-speed service, said similar services with less bandwidth may cost a business \$650 to \$850 a month.

The first phase of the project is expected to cost the public authority \$789,000, which will come out of other

public funds. According to Holland City Council member Brian Burch, any future expansion of the system will be covered by subscription revenues.

Local governments around the country have had a poor track record with their internet projects. Just one Michigan municipality currently sells bandwidth to residents on its own fiber network.

A recent University of Pennsylvania study showed that only two of 20 municipal broadband projects for which transparent financial information is available expect to recover their costs within 40 years.

Even if that happens in Holland, it's not a given that the project would benefit businesses and residents. A Mercatus Center study found that such schemes "have no discernible effect on private sector employment, but they increase local government employment by around 6 percent."

Burch believes the project is important because the demand for internet access will continue to increase, and the government has a role in providing it just as it now provides roads. "We're creating an infrastructure that's capable that is growing with the demands of the community," he said.

Matt Groen, who is the executive director of the Michigan Cable Telecommunications Association, said private telecommunication providers can meet the demand. "Throughout the state, businesses have access to speeds up to 10 gigabits per second today ... and the cable industry continues to roll out 1,000 Mbps internet speeds to the home as well as deploy more Wi-Fi hotspots in public areas." ■

The original version of this story was posted online on Aug. 23, 2017 and is available at MichCapCon.com/23893.



Wind Deals

from Page One

Apex Clean Energy, Inc. in Farwell that is dated March 22, 2017. There is also a lease agreement between Frank Engler and Apex Clean Energy, Inc. in Mount Pleasant that is dated Dec. 19, 2016.

The home addresses and names on the leases match those listed on public websites for both Isabella County commissioners.

Green and Engler didn't respond to an email seeking confirmation of the leases. Isabella County Administrator Margaret McAvoy also didn't respond to an email seeking comment.

The leases were uncovered by Kevon Martis, an activist who opposes industrial wind farms in rural areas.

In an email, Martis said such arrangements are not unusual and called these deals pathetic.

"We know of almost no place in Michigan that a wind project has actually been developed without some conflict of interest among the local policy makers," Martis said. "The wind industry has an unwritten rule: You have to harvest the wind. APEX has struck green gold in Isabella County."

In June, the Isabella County Planning Commission held a hearing on zoning changes meant to allow the additional wind turbines. Any changes to zoning would have to be approved by the full board of commissioners, which includes Engler and Green.

Apex Clean Energy, Inc. didn't respond to an email. The Virginia company's website lists a wind project in Isabella County that is due for completion in 2020.

At the end of 2016, the Michigan Legislature enacted a law to increase from 10 percent to 15 percent an existing mandate on utilities to get more energy from renewable sources. In Michigan that means wind turbines, and 2017 has seen a rush by wind farm development companies to erect hundreds of industrial-sized wind turbines in some rural counties. As of this spring, there were 887 wind turbine towers in Michigan. ■

The original version of this story was posted online on July 10, 2017 and is available at MichCapCon.com/23768.

MLive Erroneously Reports New Flint Police Officers Get Just \$11.25/Hour

BY TOM GANTERT

A report by the MLive news site stated that the city of Flint pays new police officers just \$11.25 an hour, which is less than janitors, manicurists and bellhops earn.

This is misleading because it's the amount paid to prospective officers who are still going through the police academy. It is not what they get if they complete the training, join the police force and are enrolled in the union. The pay rate of \$11.25 per hour only applies to those who are enrolled in a 16-to-18 week training program at a local community college.

A candidate who completes the course and is sworn in as a police officer begins collecting a salary and benefits prescribed in the city's contract with the local police union. New Flint police officers are paid \$36,444 in their first year on the job, which if calculated on an hourly basis comes to \$17.52 an hour. But officers often earn much more through overtime pay, which is a regular feature of public safety employment.

Two types of candidates enter the police academy, according to the Michigan Commission on Law Enforcement Standards. Both are covered by the state minimum wage while taking the training course, which is the source of the \$11.25 an hour pay rate reported by MLive.

Some recruits are considered "exempt employees," which means the city of Flint has already offered them a position on the police force contingent on completing the training. For these candidates, the city picks up the \$5,525 cost of the training course, according to the Law Enforcement Regional Training Academy. Recruits receive their training at Mott Community College.

Other recruits enroll in the police academy before being offered a position by the city, and they are responsible for paying the \$5,525 training fee.

MLive characterized the trainee pay rate as pay cut for Flint police, which is not accurate.

The Sept. 13 MLive article contrasted the police trainee rate with low-paying positions such as substitute teachers (\$12.46 an hour), security guards (\$13.05

an hour), restaurant cooks (\$11.45 an hour) and janitors (\$12.56 an hour).

In contrast with trainees, city of Flint police officers earn a base salary of \$36,444 in their first year. Under the current union contract, their pay increases to \$53,535 by their fifth year. Flint police also get health insurance benefits that greatly exceed those offered in a typical \$11-to-\$14 an hour job. They are covered by a Blue Cross Blue Shield insurance policy that features a very broad provider network with a \$2,000 annual deductible for a family plan.

"The position that is currently posted is for Police Officer Recruit, not Police Officer," said city of Flint spokeswoman Kimberly Floyd in an email. "Recruits are considered exempt employees and are applicants who have not been through a police academy yet. When the City of Flint hires someone as a Police Officer Recruit, we pay their tuition for the Academy and pay them an hourly rate to attend school. Once they complete the Academy, they are then sworn in as Police Officers and the Collective Bargaining rate will take effect."

The base salary does not represent how much public safety employees actually earn each year, because it does not include the overtime pay that regularly accrues due to the nature of these jobs.

For example, Michigan Capitol Confidential looked at the pay of Detroit police officers in 2015. Detroit police at the top of the union pay scale earned a base salary of \$56,927 that year. But public records show that when overtime pay was included the average officer was paid \$59,511, and some collected much more. The highest paid police officer received \$107,602 in 2015.

Clark Hughes, the interim regional news manager for The Flint Journal, The Saginaw News and The Bay City Times, did not address any of the inaccuracies in an emailed response to questions about news site's report.

"We stand by the reporting and have no further comment," Hughes said in an email. ■

The original version of this story was posted online on Sept. 19, 2017 and is available at MichCapCon.com/23959.

FORtheRECORD

Ann Arbor Considering City Income Tax, Blames State

Ann Arbor may be getting closer to imposing a city income tax on residents, an idea that has been kicked around for years by the college town's local government officials.

City Council member Jack Eaton blames declines in state revenue sharing for putting Michigan municipalities, including Ann Arbor, in a fiscal bind, according to Michigan Radio. He says local officials were counting on that money.

The claim was echoed in a slideshow produced by city employees and presented at a recent city council meeting. The staffers claim that since 2003, the state has shorted Ann Arbor by \$52 million compared to what they define as "full funding" under state revenue sharing.

FORtheRECORD says: For years, municipal officials like Eaton have used reductions in state revenue sharing as a device to promote local tax increases and lobby for more money from the state.

But contrary to the bleak picture they have painted, state revenue sharing is just one of numerous income streams

flowing into city coffers, many of which are increasing.

Ann Arbor is a good example. Even when adjusted for inflation, city spending has increased from \$116.4 million in 2013 to \$127.2 million in 2016.

Over the same period, state revenue sharing collected by the state and sent to Ann Arbor has been fairly flat. The city was collecting \$11.9 million in state revenue sharing money in 2013, and \$11.5 million in 2016 after adjusting for inflation. ■



State Revenue Up Almost Twice The Amount Of Defeated Income Tax Cut

Last January, Gov. Rick Snyder was asked if he would support a modest income tax cut.

"When people talk about rollbacks near-term or other things, the big question to ask is what are you going to otherwise cut or where are you going to get other revenue to replace that? So I'm open-minded but people need to answer the second part of the question, also," Snyder said in an MLive news article.

FORtheRECORD says: The governor asked where the money would come from for a tax cut and there's now a new answer (in addition to some offered at the time):

In the first nine months of the fiscal year, Michigan's major taxes brought in \$875.9 million more than the same

period a year earlier, according to the Senate Fiscal Agency. The state collected \$13.9 billion through June 2017, a 6.3 percent increase over the first half of 2016.

An income-tax cut like the one Snyder discussed in that January 2017 article was defeated in the Michigan House of Representatives in February. It would have trimmed state revenue by \$463 million, according to fiscal agency projections.

Twelve Michigan House Republicans joined all members of the Democratic caucus who were present to defeat that bill, which would have cut 0.2 percentage points from the income tax rate. Later that week, Snyder telephoned the 12 Republicans no-voters to thank them for their votes. ■

Democratic Gubernatorial Candidates Call For \$15 Minimum Wage; Don't Pay Their Interns

All three Democratic candidates for Michigan governor are using their websites to call for a \$15 per hour minimum wage. Gretchen Whitmer says, "As Senate Democratic Leader, I passed a minimum wage increase with a cost-of-living adjustment. It's a start, but it's not enough, and together we'll continue to fight for a \$15 an hour minimum wage." Another candidate, Abdul El-Sayed, says, "As governor, I will fight to make work pay by raising the minimum wage to \$15 per hour." A third candidate, Shri Thanedar, pledges himself to "increasing the minimum wage to \$15 an hour."

FORtheRECORD says: Actually, they don't believe that everyone should make \$15 per hour. Each of these candidates not only will take volunteers, but they offer unpaid internships.

Whitmer is looking for interns to work 15 to 25 hours per week and these positions are unpaid. On his website, El-Sayed calls for unpaid interns who will work 5 to 8 hours per week. Thanedar has advertised for unpaid internship which are still open.

Rachel Felice, spokesman for Thanedar, claimed they pay their interns.

"Shri Thanedar is a strong proponent of the \$15 minimum wage proposal," Felice said in an email. "The long term benefits of implementing the concept over time far outweigh the costs. No one who works full-time should be living below the poverty line. A \$15 minimum wage is necessary to ensure that we live that value in Michigan. In terms of the campaign, we do not offer any unpaid intern positions. Our staff members are all compensated accordingly." ■

Michigan's Best Teacher Gets Recognition But No Reward

East Kentwood High School teacher Luke Wilcox is the state's 2017-18 teacher of the year, as announced by the Michigan Department of Education.

Wilcox is a math teacher who has taught high school algebra 1, geometry, pre-calculus and Advanced Placement statistics at East Kentwood since 2001, according to the MDE press release. He has also served as the chairperson of the school's math department.

Wilcox has 15 years of experience.

FORtheRECORD says: According to the teachers union contract, the reward for being named the best teacher in the year will be ... three years without a raise.

The Kentwood Education Association contract states that the salaries of employees with 15 years of experience will be frozen for three consecutive years. That's because, in Michigan, unions negotiate salaries that are determined solely by the number of college credits earned and years of experience. ■



Luke Wilcox, East Kentwood High School teacher. Photo from Twitter.

City Property Tax Breaks Mean Sweetheart Deals For A Select Few

BY TOM GANTERT

Blair Bowman is the owner of Suburban Collection Showplace, a convention center located in Novi. He is also the registered agent listed for Boco Enterprises, which is the exclusive contractor for event services at the convention center.

Both companies received generous property tax breaks, offered by the city of Novi, known as “abatements.” The two companies affiliated with Bowman have received four of the 11 tax abatements Novi has approved since 1986, according to information received in response to a Freedom of Information Act request. Those four abatements span the years 2001 to 2016.

A number of state laws authorize local property tax abatements for different kinds of property. They generally cut an owner’s property tax bills in half for a specified number of years, which can mean hundreds of thousands of dollars over time. It’s a benefit that just a handful of the estimated 3,000 businesses in Novi enjoy.

While local tax abatements rarely receive much publicity, they are a form of corporate welfare that let politicians on local governing bodies choose which business owners will receive preferential treatment.

Some tax abatements are big news. In 2001, Ann Arbor approved a 12-year abatement on a Pfizer drug company expansion in which the pharmaceutical giant was going to invest up to \$800 million. In January 2007, Pfizer announced it was closing its Ann Arbor facilities. The millions in additional tax revenues the city envisioned never materialized.

According to city documents, Suburban Collection Showplace warranted the abatement because of the impact it would have on tax revenues. City staffers estimated that a 2016 expansion by the convention center would net an additional \$65,000 in tax revenues in the first year \$129,000 in the 13th year. The city collected \$33 million in property taxes in 2016.

It’s not unusual for business owners who have large property investments to have cordial relationships with the elected local officials who have authority over many phases of a project. For example, the process of getting city approval on a zoning matter can take months or even years and entail many meetings between government officials and a development company’s managers and owners.

It is also not unusual for business owners to make political contributions to elected officials who under state law have the power to approve or deny local tax abatements.

Bowman has regularly contributed the re-election campaigns of Novi Mayor Bob Gatt. Campaign finance records show that Bowman gave a total of \$1,900 to four of Gatt’s election campaigns from 2010 to 2015. These are considered modest sums in this area.

And Gatt awarded Bowman the “Mayor’s Business Ambassador Award” in a 2013 Novi Chamber of Commerce event. That award was described as a special award personally selected by Gatt.

Bowman and Gatt didn’t respond to emails seeking comment.



Image from www.SuburbanCollectionShowplace.com

It is not illegal for developers to contribute to the political campaigns of politicians who vote on their tax deals.

Michael LaFaive, a fiscal policy analyst for the Mackinac Center for Public Policy, said an appearance of a conflict of interest is one of the problems with local tax abatements.

LaFaive pointed out that while companies say they won’t locate within a city without a tax abatement, that is sometimes a bluff.

Novi’s policy on abatements states that a business must prove that it can provide “exceptional economic benefits” as a result of the abatement. And, the policy adds, “The company must demonstrate it would not locate or expand in the city if tax abatement was not available.”

Owens-Corning Automotive said in 2001 it would locate a new divisional headquarters in Novi. Economic development officials with the state of Michigan offered state tax incentives but made them contingent on Novi also granting special treatment, reflecting a common pattern of requiring local

government action. Novi’s leaders refused and the state assistance fell through. Owens-Corning Automotive still made its headquarters in Novi, however, and it is still located there.

LaFaive said tax abatements are also not effective at growing the economy or creating jobs.

“They don’t create new wealth so much as transfer it. Lost revenues must be replaced somehow. That can mean higher taxes for everyone else, or fewer public services,” LaFaive said.

LaFaive said government officials do not have a special gift that enables them to know which businesses will thrive.

“There is the politics of it all,” LaFaive added. “It does not strain credulity to suggest that some of these abatement transactions are driven as much by a public relations opportunity as a wise economic development investment.” ■

The original version of this story was posted online on Sept. 25, 2017 and is available at MichCapCon.com/23975.

One In Four Michigan School District Teachers Chronically Absent

BY EVAN CARTER

A new report released by the Thomas Fordham Institute found that school teachers in Michigan’s conventional school districts are almost twice as likely to miss 11 or more days of school than teachers in public charter schools.

In Michigan, 24.7 percent of school district teachers miss 11 days or more — which the federal Office for Civil Rights defines as “chronically absent” — while 12.4 percent of charter school teachers miss that many. Nationwide, the report says, 28.3 percent of public school teachers and 10.3 percent of charter school teachers are chronically absent.

The report suggests that a significant factor in the difference between the groups is whether the teacher has a union collective bargaining agreement.

The report backs up this assertion by citing the fact that Georgia and Texas, where union collective bargaining is illegal, have smaller-than-average gaps between rates of chronic absenteeism.

The report also found that nationwide, 18 percent of teachers in unionized public charter schools are chronically absent, while 9 percent of teachers in non-unionized public charter schools are chronically absent. Most charter schools are not unionized.

Doug Pratt, spokesman for the Michigan Education Association, the

state’s largest teachers union, said that charter school teachers must show up to work sick to keep their jobs, according to the Detroit Free Press. He offered no proof to support his claim.

“He said that in charters, ‘very few have organized themselves to bargain those days off,’ and have to show up for work sick to keep their jobs,” Pratt was quoted as saying in the Sept. 20 Detroit Free Press. “It comes down to a question of do you want sick teachers in front of kids.”

In the Free Press article, Pratt also said, “Teachers often end up taking days off because of extended illnesses or because they’re caring for a sick relative.”

Dan Quisenberry, president of the Michigan Association of Public School Academies, which advocates for charter schools, condemned Pratt’s statement.

“Doug Pratt and the MEA should be ashamed of themselves for that unfounded, irresponsible allegation,” Quisenberry said. “Charter school teachers don’t need to be told when to show up to work and when to stay home. They’re professionals, and they’re going to do what’s right for themselves and for their students.”

Pratt did not return an email and a phone call requesting comment. ■

The original version of this story was posted online on Sept. 22, 2017 and is available at MichCapCon.com/23969.

Rooting Out Suspected Bias A Full-Time Job At U-M

BY TOM GANTERT

The University of Michigan has posted a job opening for a full-time position called a “bias incident prevention and response coordinator” that will pay between \$46,000 and \$57,000 annually.

“The core work of the Dean of Students Office includes promoting a safe, respectful, healthy, and inclusive campus community, enhancing students’ Michigan experience, providing support services and managing critical incidents impacting students and the campus community, and recognizing and responding to emerging needs within the student population,” the University of Michigan’s website states.

The bias incident prevention and response coordinator would report to the assistant dean of students.

In October, U-M announced that it would spend an additional \$85 million over the next five years to promote diversity and inclusivity on its campuses. In 2016, the university spent \$40 million to promote diversity. The state gave the University of Michigan \$363.1 million in 2017-18, including funding for all of its campuses.

The website CampusReform.org was first to report the job posting. The job description states that 40 percent of the job would entail coordinating response efforts. That includes receiving

accusations of bias and reviewing them with “campus and community partners” for investigation and response.

The position also “creates and develops a diverse team of Student Life and campus partners to provide direct support to targets of bias who have reached out to the Dean of Students Office for assistance.”

Many colleges have similar positions.

Grand Valley State University has a “bias incident protocol” under which the university will review incidents.

Michigan Capitol Confidential submitted a Freedom of Information Act seeking documentation of bias incidents reported to GVSU.

Some of the complaints were minor, including one of a person sending out a picture of an individual who posted on a dorm room door’s white board “did u know ur annoying?” Other complaints included the words “I am A Nazi” written on a white board, along with a swastika. In another incident, the words “Kill Obama” and “Hitler Did Nothing Wrong” were scratched on a piece of property. Another involved two people who wore T-shirts that read “Socialism is for [anti-gay slur].” ■

The original version of this story was posted online on July 31, 2017 and is available at MichCapCon.com/23831.

Election Season In Detroit, And Here Comes Another Transit Scheme

BY EVAN CARTER

One candidate hoping to become Detroit’s next mayor has proposed a magnetically levitated transit system called “skyTran.”

The mass transit system would use two-person, computer-controlled pods to transport people on an above-ground rail network, according to a document released by Democratic candidate Coleman Young II, currently a state senator.

At least one longtime observer of public transportation systems in the U.S. dismisses the idea: “To call two-person pods mass transit is madness; it needs ‘mass,’” said Robert Poole, director of transportation policy at the Reason Foundation.

According to Poole, such systems “cost a fortune and they’ll only attract such a small portion of the population, that’s a rounding error on how much they improve congestion, and a rounding error on how much they will improve mobility.”

The document claims the mass transit system could position the city for new

development in an age of driverless transit, much like the automobile did for Detroit 100 years ago.

Young’s campaign document suggests that building an elevated tram system would only cost around 10 percent of the cost of a traditional light-rail system, and would use less energy.

The concept came from the private company skyTran.

“I think a lot of people have difficulty scaling things up to a level where they actually have an impact,” Poole said. “This money could probably be much better served by rethinking how the bus system runs.”

If built, Young’s system wouldn’t be the first light rail project in Detroit. The Detroit People Mover has been in operation since 1983 and the QLine began operating earlier this year.

The People Mover cost \$24.2 million to operate in 2016 but brought in just \$1.4 million in fare revenue according to Detroit’s most recent annual financial report. Grants and contributions from other sources filled \$14.9 million of the



Screen-capture of a video depicting how skyTran might look. View the video at goo.gl/rjqmHF.

gap, leaving the city on the hook for almost \$8 million in expenses. Each year, it provides a reported 2.1 million rides for residents and visitors around its three-mile loop.

Rico Razo, campaign manager for Detroit Mayor Mike Duggan, declined to

comment on the proposed elevated-rail tram system.

Young’s campaign did not respond to questions about the proposal. ■

The original version of this story was posted online on Aug. 9, 2017 and is available at MichCapCon.com/23871.

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I'M JUST A BILL

Michigan[✓]votes.org

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

Senate Bill 335

Revise campaign finance law to reflect Citizens United ruling

Introduced by Sen. David Robertson (R)

To revise Michigan campaign finance law provisions that violate the holding of the U.S. Supreme Court in the Citizens United case. The decision limited the power of congress and state legislatures to restrict election-related political speech by corporations, under a definition that includes non-profit groups motivated by ideological or political concerns.

Senate Bill 100

Ease restrictions on cost and fee awards in lawsuits against the state

Introduced by Sen. Tom Casperson (R)

To ease restrictions on a person who successfully sues the state also collecting costs and fees in addition to any court-ordered damage awards, with some exceptions. Under current law, the winning plaintiff must prove a state agency's position was "frivolous" to collect costs and fees. The bill would instead require the state provide clear and convincing evidence that its position was justifiable. It would also remove a cap on attorney fees that may be reimbursed.

House Bill 4743

Permit and regulate fantasy sports game betting

Introduced by Rep. Aaron Miller (R)

To establish a permissive licensure and regulatory regime on fantasy sports games and contests that offer money prizes, with an initial license fee of up to \$5,000 for would-be vendors.

Senate Bill 496

Criminalize endangering an animal by leaving it in a vehicle

Introduced by Sen. Curtis Hertel, Jr. (D)

To make it a crime to leave an animal in a vehicle in conditions that could cause harm (too hot, too cold, etc.). The bill authorizes penalties starting at 45 days in jail if no harm ensues, and up to five years in prison if the animal dies. Republican Sen. Rick Jones sponsored a companion bill with sentencing guidelines. Referred to committee, no further action at this time.

Senate Bill 508

Ban coal-tar driveway sealants

Introduced by Sen. Rebekah Warren (D)

To ban the sale or use of coal tar sealant or other high PAH sealant for pavement.

House Bill 4723

Give immigrants in-state college tuition rates

Introduced by Rep. Yousef Rabhi (D)

To charge in-state tuition at state universities and colleges to most resident aliens, including individuals who entered the country illegally as a child and have been granted a deferral from prosecution. This is part of a Democratic immigration package.

House Bill 4736

Increase minimum age for tobacco

Introduced by Rep. Tommy Brann (R)

To increase from 18 to 21 the minimum age to sell, buy or use tobacco.

House Bill 4716

Remove child from parents for female genital mutilation

Introduced by Rep. Peter Lucido (R)

To take away the parental rights of a parent who subjects a child to female genital mutilation. This would be in the same section of law that terminates parental rights for severe child abuse and molestation.