

States arts council spends \$10 million in taxpayer money PAGE 6





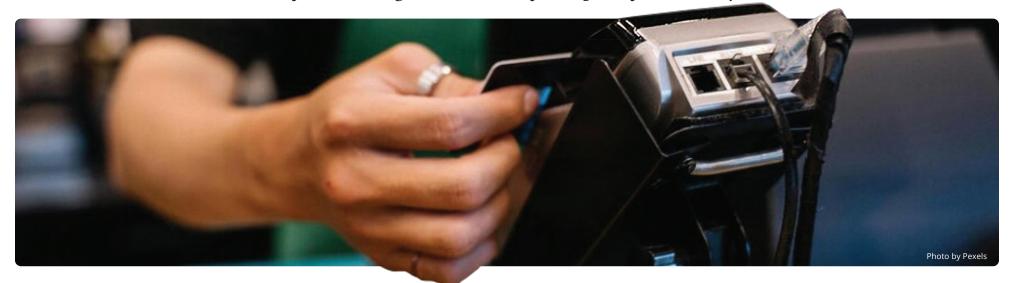
Taxpayer-funded dream turns to nightmare in Big Rapids as Gotion goes away PAGE 11

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CapCon reporting on SNAP fraud leads to statewide card upgrade

Reform to Bridge Cards comes after exposé of lax security



BY SCOTT MCCLALLEN

Michigan's food stamp program will have a higher level of security starting Jan 1. The program, which benefits 1.4 million people, will be reformed with newer and more secure Bridge Cards, a move that follows a months-long Michigan Capitol Confidential investigation noticed by the Michigan House Oversight Committee.

Banks switched their credit and debit cards from magnetic-stripe to chipped versions starting in 2015. But the state of Michigan didn't upgrade its technology, and criminals have abused that vulnerability.

The state's failure to reform the cards allowed scammers to steal \$14 million from Michigan's poorest residents as of 2024, CapCon reported. In 2024, the Michigan Department of Health and Human Services sent more than 269,000 replacement Bridge Cards, an average of 738 every day.

CapCon has spent more than \$1,000 paying for public records that exposed widespread fraud within the state's largest department, which administers the food stamp program in Michigan. Just this year, Michigan will have to repay \$415 million to the federal government because it bungled benefits.

Equipping Bridge Cards with chips will save taxpayers money and might improve the state's error rate, Rep. Jason Woolford, R-Howell, told CapCon in a text message.

"By adding chip technology to Bridge Cards, we are strengthening accountability and reducing opportunities for fraud and abuse," Woolford said. "This upgrade ensures that every dollar of taxpayer support is used as intended, helping Michigan families in need and protecting the integrity of our assistance programs. I am glad the work we have done in Oversight is driving real improvement in how taxpayer money

is distributed. These changes could also help improve the state's error rate and save taxpayers hundreds of millions of dollars over time."

The Department of Health and Human Services, which has about 16,000 employees, hasn't responded to many requests for comment during this investigation. CapCon has published 15 stories on this issue over two years.

No other outlet but CapCon exposed rampant fraud and abuse in Michigan's SNAP program.

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Each taxpayer's share of the state debt: \$4,100

Accounting group analyzes each state, gives Michigan a 'C'

BY JOHN LAPLANTE

Paying off the obligations the state of Michigan owes public retirees and others would require each taxpayer to surrender another \$4,100 to the public treasury, according to a new report from a nonprofit that analyzes state budgets. The report also warns that Michigan's budget could face an 8% shortfall if the federal government were to reduce its financial support of Michigan to its pre-pandemic level.

The Financial State of the States 2025 reviews the annual comprehensive financial report of each state government, comparing the state's liabilities to its assets. It ranks the states and assigns them an A-F letter grade. Michigan was below the national average, ranked 32 out of 50. It had a financial grade of "C."

Michigan is one of the 25 states that do not have enough money to pay their bills, which include bonds and retirement benefits, according to Truth in Accounting, which published the report. Michigan had \$58.3 billion worth of bills but only \$44.2 billion available to pay them, as of the latest data Truth in Accounting had available. That comes to a shortfall of \$4,100 per taxpayer.

The report includes in its calculations the number of people who filed a federal income tax return and had an income tax liability, Sheila A. Weinberg, CEO of the organization, told Michigan Capitol Confidential in an email earlier this year. The per-taxpayer burden reflects "future taxes that will need to be paid to cover for liabilities that have already been incurred," she added.

If a state does not have enough money to pay its bills, legal or political obligations to retired government employees often play a large role. This is true in Michigan. Truth in Reporting said the state had \$19.4 billion in bonded debt, but it had even more debt — \$29.3 billion — in unfunded pension obligations.

Michigan's situation improved, the report said, by "significant reductions in retirement systems' liabilities," aided by strong investment returns. Truth in Accounting gave Michigan a "D" grade in 2024 and reported each taxpayer's share of unpaid bills at \$7,600.

The state's political leadership can also take some

credit, according to James Hohman, a fiscal policy analyst at the Mackinac Center for Public Policy. "Michigan lawmakers have made a lot of progress in paying down pension liabilities and preventing future underfunding," he told CapCon in an email.

Hohman urged lawmakers to do more to reform the state's public pension systems. "There are no short-term solutions when governments made employees and pensioners the state's largest creditors," he added. "The Truth in Accounting report highlights that it will take more time to catch up on what is owed."

Michigan taxpayers are in a better spot than their counterparts in some neighboring states, but in a worse spot than those in others, the report said. Taxpayers in Illinois face a much higher burden: \$38,800 per person. Those in Ohio face a shortfall of only \$1,300. But if the state governments of Indiana and Wisconsin were to subtract their obligations from what they have on hand to pay their bills, they would see a surplus of \$4,200 and \$1,100 per state taxpayer, respectively. New Jersey and Connecticut by contrast, had the largest shortfalls in the country, each with a per-taxpayer burden of \$44,500.

Truth in Accounting suggested several steps states could take to improve their financial standing. State and local governments are exempt from ERISA, a federal law that imposes strict mandates on pension managers. The organization said that state and local governments should abide by those requirements anyway. It also recommended that state and local governments use a technique known as full accrual accounting. This means, as the report put it, "revenues are recorded when earned, and expenses are recorded when incurred, regardless of when cash transactions occur."

Michigan could face more budgetary challenges were Congress to resume supporting states at pre-pandemic levels, the report said. Michigan would lose about 8% of its budget if the federal government returned its financial support to what it was in 2019, even with an increase for inflation. •

The original version of this story was posted online on October 3, 2025 and is available at MichCapCon.com/33783.

Fraud-riddled Michigan health department will continue to push DEI through 2030

CapCon records cache shows state's largest agency ignoring federal orders

BY SCOTT MCCLALLEN

When the state health department discovered that it had paid \$14 million in fraudulent food stamp claims in 2024, the department didn't make stopping fraud a priority.

Instead, the Michigan Department of Health and Human Services doubled down on its whole-of-organization approach to increase diversity, equity, and inclusion. Michigan Capitol Confidential discovered the department's obsessive mission, which it has not mitigated in any way as the people of Michigan and the United States register increasingly strong disapproval of wokism, in hundreds of pages of documents obtained through a records request.

The health department, which employs more than 14,000 people, hasn't responded to a request for comment.

The department has a tough job. It provides electronic benefit transfers to 1.4 million people. It is also legally responsible for about 10,000 children in foster care.

The state took about 4,000 children from a parent, guardian, or a runaway's home in 2024, according to documents obtained through a records request.

In January, the White House ordered a halt to DEI programs using federal money. The move followed sweeping national and local elections in which voters registered a strong reaction against the excesses of woke ideology — a cross-cultural popular attitude that is also widely documented by public opinion polling. But it appears that Michigan's health department ignored that directive.

"The Biden Administration forced discrimination programs, going by the name 'diversity, equity, and inclusion' (DEI), into virtually all aspects of the Federal Government, in areas ranging from airline safety to the military. This was a concerted effort made clear on Biden's first day in office, when he issued Executive Order 13985, 'Advancing Racial Equity and Support for Underserved Communities

Through the Federal Government."

That order and the federal government's nearly absolute control over state health policy state-level pushed departments around the country to adopt punishing DEI strictures. Michigan's health department apparently ignored more pressing issues such as the doubling of welfare fraud from 2023-2024, Michigan Capitol Confidential reported recently.

One employee, Ashanta Butler, was fired after years of falsifying documents.

Michigan's health department delayed upgrading its Bridge food stamp cards for over 10 years, attracting criminal networks that targeted the program to steal from Michigan taxpayers while interrupting the flow of free food to the state's poorest residents. Criminals install skimmers at public places such as grocery stores, liquor stores, and gas stations. Those skimmers copy electronic benefit transfer card data so that criminals can deplete food funds before the intended recipients can spend them.

In 2024, the health department mailed more than 269,000 replacement Bridge cards, at an average of 738 every day. CapCon reported the waste, fraud, and abuse at least 16 times, and Rep. Jason Woolford, R-Howell, introduced a reform bill that has been enacted. The department will upgrade Bridge cards to more secure chip technology starting Jan. 1.

Woolford said lawmakers should break up the department.

CapCon has requested every complaint submitted to the health department from 2023 and 2024 through an open records



MDHHS Director Elizabeth Hertel testifies in front of the House Oversight Committee

request, as well as a list of every employee.

The agency prioritized "race equity" and the following key strategies.

- Normalize Racial Diversity, Equity, and Inclusion work across MDHHS
- Complete the Equity Impact Assessment Demonstration Project and Pilot to embed equity within decision-making processes across the department
- Increase and standardize gender identity as well as Race, Ethnicity, Abilities, Language, and Disability, data collections across the department
- Address racial inequities within the disability community broadly and within the intellectual and developmental disability community including programming to improve resource access and provision, employment opportunities and supports for self-directed choices that are culturally and ethnically inclusive and appropriate.
- Integrate racial equity into department leadership, operations, program, policies, and practices.
- Assess health and human services programs using a health equity lens

- to remove systemic barriers, reduce disparities, and improve health outcomes.
- Ensure MDHHS employment opportunities are posted on diverse platforms to recruit underrepresented populations.
- Require all interviewers be trained in diversity hiring.
- Evaluate all funding sources for opportunities for innovation, inefficiencies, or reallocation.
- Ensure MDHHS employment opportunities are posted on diverse platforms to recruit underrepresented populations.
- Require all interviewers be trained in diversity hiring. Manage organizational performance
- Identify trends and disparities within geographical, racial, and ethnic groups, including intersectional data (i.e., disability and race).

The original version of this story was posted online on November 3, 2025 and is available at MichCapCon.com/33829.



Voters to decide \$169M bond for Saginaw Township Community Schools

A larger request failed to win approval in 2023

BY SCOTT MCCLALLEN

The Saginaw Township Community Schools system wants \$169 million in upgrades and will ask local taxpayers to support a tax increase on Nov. 4.

A bond proposal floated by the district requires a 2.85 mill tax increase, which will cost the owner of a \$100,000 home with a taxable value of \$50,000 another \$142.50 per year, or \$11.88 per month.

The Saginaw Township Community Schools Board of Education approved a resolution to place a \$169.2 million bond proposal on the Nov. 4, 2025, ballot. It first got permission from the Michigan Department of Treasury, as is customary for school tax questions.

If voters approve the request, the borrowed funds will

finance improvements at all eight school district facilities.

The bond proposal aims to upgrade buildings without using a sinking fund.

"Most of our school buildings are more than 60 years old, including Hemmeter Elementary at 85 years old," District Superintendent Jamie Kraatz told WJRT-TV. "In two of our elementary schools, the classrooms don't have walls or doors, which, beyond presenting a variety of safety issues, impacts our students' ability to concentrate on learning. The cost and scope is a direct response to the feedback we heard from families, educators and community members."

The bond proposal will attend to aging facility needs that have been deferred for years, including entranceways, restrooms, HVAC systems, classrooms and other critical infrastructure projects.

Key areas of improvement would address the following areas:

- Safety and security
- Classroom environments
- Infrastructure
- Athletic facilities.

In 2023, taxpayers rejected a \$243 million bond proposal on a vote of 2,540 to 8,671. ■

The original version of this story was posted online on October 24, 2025 and is available at MichCapCon.com/33809.

Whitmer's world travel costs \$1 million in 2025

Official's draw blank when explaining Governor's \$25,000 meal bill in Japan

BY SCOTT MCCLALLEN

Gov. Gretchen Whitmer has spent about \$1 million on international travel in 2025 through the Michigan Economic Development Corporation.

Lawmakers cited stories reported by Michigan Capitol Confidential to press the development corporation during a House Oversight hearing in mid-October.

Whitmer has taken five international trips this year that total \$1 million.

- 1. Australia: \$219,622: June 2025
- 2. United Kingdom: April 2025: \$204,000
- 3. Germany, Japan, Singapore: Sept. 2025 \$470,000
- 4. UAE: February 2025: \$175,000
- 5. Canada: October 2025: \$73,000

Rep. Steve Carra, R-Three Rivers, questioned MEDC officials Christine Armstrong and Michelle Grinnell about how Whitmer's group spent \$25,000 on meals while in Japan.

The officials couldn't remember the spending, but Carra reminded them, citing a CapCon story.

"I do not have the document you're looking at in front of me, but I'm happy to look into that," the government employee said.

Carra replied: "Was this a six-month trip? Or how did we get to \$25,000 again?"

The agency officials claim that this isn't taxpayer money, but lawmakers were skeptical.

Rep. Dylan Wegela, D-Garden City, and Rep. Jaime Green, R-Richland, said that 89% of the revenue from the economic development agency comes from revenue from tribal casinos and online gambling, which should be considered taxpayer money.

"It's still public money," Wegela said "I think that's some '1984' doublespeak personally."

Whitmer's office and the MEDC did not respond to requests for comment.

The economic development agency has taken heat for giving a \$10 million taxpayer-funded grant to Fay Beydoun, who spent \$4,526 on a Z10 diamond white Jura coffeemaker.

This money could have been spent better, Mike LaFaive, senior director of the Morey Fiscal Policy Initiative, told Michigan Capitol Confidential in an email.

"Michigan doesn't need to send its officials — hat in hand — to schmooze foreign dignitaries and corporate officials in the hope of securing investment here," LaFaive wrote. "Every dollar spent doing so would be better spent investing in basic state infrastructure and letting the economy take care of itself.

"Michigan used to need to beat people and business back at its borders because we had an environment conducive to winning back solid returns on investment," LaFaive continued. "We could get there again by eliminating the personal income tax and many unnecessary regulations that throttle growth opportunities here."

Meanwhile, Michigan is a top 10 state for not creating jobs. ■

The original version of this story was posted online on October 31, 2025 and is available at MichCapCon.com/33830.



Nonprofits with multimillion-dollar revenues seek additional taxpayer funding

Three Detroit economic development nonprofits ask taxpayers to foot the bill for private projects

BY JAMIE A. HOPE

Rep. Tyrone Carter, D-Detroit, requested three grants for Detroit-area economic development organizations in the 2026 state budget. The grant requests, among others, will likely face constitutional hurdles to get the money approved.

While lawmakers craft the 2026 budget, organizations line up for taxpayer handouts.

The Southwest Detroit Business Association could receive \$2.25 million from the 2026 state budget if the Legislature approves Carter's request.

The request stated the money would support "two high-impact, community-led initiatives designed to stabilize and grow Southwest Detroit's small business ecosystem, revitalize key commercial corridors, and transform underutilized properties into economic and cultural assets."

The Southwest Detroit Business Association reported \$1.4 million in revenue and \$1.8 million in expenses for 2022, according to its most recent Form 990, which it filed with the IRS.

It did not respond to an email seeking comment.

Invest Detroit, which received a \$500,000 state grant in 2023, could get another \$1.5 million handout if the Legislature agrees.

The money, according to the legislative spending request, would be used to prepare a site for a new world headquarters for JJ Curran Crane Company/Fleet Cost and Care.

The nonprofit generated \$29.6 million in revenue in 2023 according to its most recent Form 990. GuideStar reports that it has \$136.4 million in assets.

Its president earned \$660,076 in total compensation.

Invest Detroit did not respond to a request for comment.

In the third earmark, Carter requested taxpayers send \$10 million to the nonprofit Michigan Central Center for Mobility and Society.

"Michigan Central Center for Mobility and Society's Mission is to foster economic development, skills training, entrepreneurial activity, and inclusive innovation at the intersection of mobility and society," the grant request says. "This spending item will be used to accelerate economic development growth in technology, entrepreneurship, and talent development, specifically in areas such as mobility, biotechnology, advanced manufacturing, agriculture, and digital health and lead to a number of outcomes."

Funds would be used to help more start-up companies and build partnerships, according to the document Carter filed with the Michigan House.

Michigan Central requested that Carter pull the application, according to Pakelody Cheam of the public relations firm Berlin Rosen.

"Earlier this summer, Michigan Central requested Rep Carter pull its application," Cheam wrote in an email to Michigan Capitol Confidential. "We appreciate Rep. Carter's support and partnership, as well as Speaker Hall's transparent process."

The nonprofit did not receive its Internal Revenue Service designation until 2023.

Michigan Central reported on its Form 990 that it had \$4.4 million in total revenue in 2023, of which \$1.6 million came from government grants.

It reported that several officers, including a vice president and treasurer who worked more than 30 hours per week. The form also included a box, filled with a check mark, next to a statement that "neither the organization nor any related organization compensated any current officer, director, or trustee."

The Michigan Constitution requires a two-thirds majority vote in the Legislature to give money to a private entity.

The money also must be used for public benefit.

The Mackinac Center for Public Policy filed a lawsuit against the Michigan Department of Labor and Economic Opportunity over two similar grants.

The Mackinac Center argues that most of the grants issued to private entities in previous state budgets are not constitutional.

"Instead of adhering to the process laid out in Michigan's constitution, lawmakers have tucked funding for pet projects into late session 'community enhancement grants' or 'special district projects,' avoiding public scrutiny and amending procedures," the Mackinac Center wrote in its case summary.

Carter did not respond to an email seeking comment.

The original version of this story was posted online on August 29, 2025 and is available at MichCapCon.com/33648.

Michigan's battery bet backfires

Serial subsidy-taker loses \$70M taxpayer money

BY SCOTT MCCLALLEN

More than a decade after Michigan lost \$141 million on failed battery company A123 Systems, the state gave another \$70 million to a different energy startup run by the same man — and that company now appears to be faltering.

Our Next Energy, founded in 2020 by Mujeeb Ijaz, a former A123 Systems employee, promised to bring a \$1.6 billion investment and 2,112 new jobs to Van Buren Township. But just two years after receiving state support, the company has laid off most of its staff and is leaving its facility without creating 2,000 jobs.

Ijaz, a team leader in the development of the Ford EDGE and holder of 31 patents, according to his Detroit Chamber of Commerce résumé, has been here before.

A123 Systems admitted in a 2011 annual report that it was never profitable. Michigan awarded the company more than \$141 million in state credits and subsidies, while the federal government added \$249 million in stimulus funds before the company filed for bankruptcy. Michigan Capitol Confidential looked back on A123's financial troubles in 2021.

Our Next Energy has fired most of its employees and is giving up the lease on its Van Buren Township facility, Automotive News reported in September. ONE did not respond to an email seeking comment. The company has locations in Novi and Belleville.

Gov. Gretchen Whitmer had applauded a state grant to the company in 2022.

"Our Next Energy's \$1.6 billion investment creating 2,112 jobs in Van Buren Township will build on our economic momentum and secure the future of mobility and electrification right here in Michigan," Whitmer said in a press release. "This innovative, Michigan-made company is on the cutting-edge of battery technology, and the work they're doing will increase the range of electric vehicles to over 600 miles on a single charge. With this new gigafactory, we will continue bringing the supply chain of electric vehicles, chips, and batteries home to Michigan and the USA while creating a sustainable, clean energy economy. I am proud that Democrats and Republicans in Michigan came together to build up our economic development toolkit and empowered our state to compete for every project and every job. We will work with anyone and compete with everyone to keep putting Michiganders first, creating good-paying jobs with great benefits, and building the future of the auto industry right here in Michigan."

A Mackinac Center for Public Policy report has found that over 20 years, jobs subsidies failed 91% of the time.

"One company failing to live up to promises is not an aberration, it should be an expectation for lawmakers," James Hohman, the Mackinac Center's fiscal policy director, told CapCon in an email. "Major deals fail to create 91% of the jobs lawmakers say will be created. The company has collected \$70 million from taxpayers already. State officials should stop making deals where companies get cash prior to hitting their job targets."

The Michigan Economic Development Corporation continues to review its incentive agreement with Our Next Energy, Danielle Emerson, MEDC public relations manager, told CapCon in an email.

"While the jobs requirement milestone for this project is not due until December 2029, we are being proactive in working with ONE to ensure the agreement reflects any updated scope of the project," Emerson wrote. "In the meantime, no new disbursements will be made under the current agreement. We are optimistic about the company's path forward given the potential benefit from the federal One Big Beautiful Bill tying tax credits to domestic content. To date, \$70.2 million has been disbursed to the company to reimburse for \$117.6 million in eligible costs invested by the company. The MEDC is committed to protecting those disbursed public dollars and ensuring this opportunity stays in Michigan."

The original version of this story was posted online on October 15, 2025 and is available at MichCapCon.com/33766.



States arts council spends \$10 million in taxpayer money

Michigan a top 10 state for not creating jobs

BY JAMIE A. HOPE

This year's lengthy state budget negotiations drew increasing attention to the state's taxpayer giveaways — including more than \$10 million in arts grants awarded to organizations through the Michigan Arts & Culture Council.

The Council offered approximately 800 grants totaling \$10.4 million to arts initiatives throughout the state. The grants are doled out annually.

Most of the grants went to cities, townships, schools, and villages.

Several grant recipients awarded by the arts council have received grants from the state budget in the past two years or more.

The Detroit Symphony Hall was awarded \$19,300 in 2025 by the council. The orchestra, owned by the same entity, was also awarded \$750,000 in the 2025 state budget.

The Detroit Zoological Society received an \$819,200 grant from the Department of Labor and Economic Opportunity in June, and it got a \$39,450 grant from the arts council.

Flint Children's Museum received \$500,000 from state taxpayers in 2023. It will add another round of taxpayer funding, \$106,862, state officials announced in June. And the council has announced a \$27,500 grant to the museum.

Other organizations have also received more than two rounds of funding from Michigan taxpayers.

CapCon reported Aug. 26 that voters approved a 10-year 0.44 mill to fund the zoo and the Grand Rapids Public Museum.

In 2023, the tax generated \$12.1 million, which was split between the zoo and museum.

The museum also got a \$1 million grant from the 2024 budget, CapCon noted.

The Midland Center for the Arts, which took in \$5 million in the 2022 state budget, also got in on this year's giveaway with a \$34,450 grant from the arts council.

"MACC's main focus is to guide the distribution of grants to entities who provide arts and cultural programs and services throughout Michigan and envisions a state where communities celebrate creative expression and every person has access to, or participates in, arts and cultural experiences," according to michiganbusiness.org.

The arts council has yet to respond to a request for comment.

The continued spending on the arts comes as Michigan ranks sixth-worst in the nation for job creation, a public policy expert noted.

"What constitutes art is in the eye of the beholder, and forcing many taxpayers to pay for what few may think is worthy of support is unfair," said Michael LaFaive, director of the Morey Fiscal Policy Initiative at the Mackinac Center of Public Policy.

LaFaive added that this kind of funding gives the advantage to the best grant writers and government bureaucrats rather than to the best artists.

The original version of this story was posted online on October 17, 2025 and is available at MichCapCon.com/33767.

Barn ban: Ingham farmer clears first legal hurdle

Equestrian barn got pass, Ingle's didn't, records show

BY JAMIE A. HOPE

A farmer in Ingham County is one step closer to his dream of building a barn after a judge granted a preliminary injunction against a construction moratorium imposed by Alaeidon Township.

Township officials debated how to stop construction of a farmer's barn, then passed a nine-month moratorium on all new farm structures days after a zoning appeals panel backed the project, according to internal emails Michigan Capitol Confidential obtained through a Freedom of Information Act request.

But Ingham County Circuit Court Judge Morgan E. Cole has issued an injunction to prevent the moratorium from continued effect while the issue is decided by the court.

The injunction states that court found Ingle would be irreparably damaged if the injunction were not granted, adding that the plaintiff is likely to prevail on the merits of the claims.

Ingle, owner of Benedictus Farm and a full-time teacher, applied earlier this year for a zoning permit to build a barn on his property. Zoning Administrator Steve Lott denied the permit on April 11, citing rules that bar accessory buildings in front of a residence. Ingle appealed, arguing his barn qualified for an exemption.

Records reviewed by Michigan Capitol Confidential show township officials also questioned whether Benedictus Farm is a "commercial" operation because most of Ingle's income does not come from farming. At the same time, emails acknowledge that farm buildings in front of a primary dwelling are exempt under local energy zoning ordinance 20.11.

Before the Zoning Board of Appeals met on June 2, trustees circulated emails proposing questions for Ingle that probed his agricultural credentials and business activity, including whether he belonged to farming organizations and what "training or education" he had in producing livestock and food products. One email noted a search for his online presence: "No Facebook page. Web site gets 404 error." Planning commissioner Rebecca (Becky) Lott cautioned colleagues against invasive inquiries, citing the state Right to Farm Act and Generally Accepted Agricultural and Management Practices. "I think what we should focus attention back to is, not disputing his claim of being a farmer," Lott wrote, urging the board to address only the placement issue.

Meeting minutes show the appeals board recommended approval on June 2, aligning with Ingle's position that a bona fide farm structure is exempt from the front-yard restriction. Ingle's attorney, Peter Ruddell, said the appeals authority's approval "should have been binding."

Within a week, however, the township board adopted Ordinance 2025-03, imposing a nine-month moratorium on all new building construction — including



temporary structures and lean-tos — to "assess environmental impact."

Emails and minutes tie the measure directly to Ingle's case. Under the agenda item "Moratorium of Township Regulation of farm structures," Trustee Matt Oesterle referenced "a recent ZBA action" on a pole-barn application as prompting a broader review. Ahead of a June 16 meeting, Trustee Beth Smith suggested including the June 2 ZBA minutes "so they have some perspective on the Moratorium."

After the vote, the township served Ingle with an order to cease construction, which documents indicate was already well underway. FOIA records also show that

another resident's request earlier this year for a variance to place an equestrian barn in front of a home was granted without comparable scrutiny.

Ruddell argues the moratorium violates the Right to Farm Act, noting local officials cannot deny farm structures over environmental concerns or building-code issues because those are handled by state agencies. "It is interesting the amount of attention focused on Mr. Ingle, when the township approved a much larger barn closer to the road just months earlier," he said in an email. •

The original version of this story was posted online on October 21, 2025 and is available at MichCapCon.com/33505.

State Board of Education pushes 'fair share' tax for cradle-to-grave public school mandate

Educrats seek control of children as young as four for initiative that would cost taxpayers billions

BY JAMIE A. HOPE

The Michigan State Board of Education declares K-12 education to be underfunded by \$4.5 billion in a resolution that it adopted

just weeks after school districts got a half-billion-dollar spending increase in the 2025-26 budget. The board hopes to bring Michigan's most vulnerable residents into a universal preschool initiative that would

create the conditions for a massive surcharge on taxpayers.

"The Michigan State Board of Education hereby endorses the Invest in MI Kids proposed amendment to the Michigan Constitution to impose a 5% fair share surcharge on annual taxable income over \$1 million for joint filers and over \$500,000 for single filers, to raise funds for career and technical education, reducing class size and

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attracting and retaining educators in public schools across the State," the board wrote in its Oct. 14 resolution.

The plan to have the Michigan Lifelong Education and Potential agency concoct a universal pre-kindergarten program for four-year-old children, regardless of family income, will only add to education bloat, according to Molly Macek, education policy director at the Mackinac Center for Public Policy. She added that longitudinal studies have shown no positive impact, and potentially negative results, from universal pre-K initiatives.

"Parents who need it already have access to government preschool in Michigan," said Macek. "The Great Start Readiness Program is far from at-capacity, and yet the state is looking to expand it more."

The early childhood agency advocates for cradle-to-grave government interventions on the public's dime.

The roadmap states that currently 49,000 children, or 41% of four-year-olds in the state, are enrolled in a publicly funded preschool program.

Its goal is to enter 75% of preschool-aged children, 88,500, in such programs by 2027 – less than two years from now.

But critics like Macek say MiLEAP's plan is a waste of money.

It would require, according to Macek, an unprecedented funding increase to expand staff and classrooms so that children from wealthy households could enroll in no-fee preschool.

Macek concluded in a 2024 commentary that the cost of such an endeavor is not worth it, considering that studies show these programs offer little to no long-term academic benefit.

A longitudinal study on Tennessee's universal pre-K program showed that students fared worse than their counterparts once they entered third grade.

For Michigan to create a universal PreK program it would require, according to MiLEAP's roadmap:

- At least 1,700 additional lead teachers
- 3,400 more associate teachers
- 1,700 additional classroom spaces, which MiLEAP estimates would cost \$107,000 to renovate or create
- Increased administrative and support staff
- More spending on building maintenance and utilities

• More people to handle preschool regulations and programs.

The agency states in its plan that obtaining the desired number of lead teachers means they will need to be paid the same as K-12 teachers.

The average teacher salary in Michigan is \$64,000, according to the Education Policy Innovation Collaborative at Michigan State University.

It would cost taxpayers \$110 million to pay the salaries of 1,700 additional lead teachers. Health care, retirement and other benefits would add to that amount.

The state department's roadmap also notes that the preschool classrooms, especially home-based ones, will still need to abide by day care licensing regulations. This means hiring more teachers and licensing consultants to comply with regulations.

MiLEAP also has plans to offer wraparound services, including infant and preschool mental health services. It is unclear how much of an increase in funding would be required.

The 2025-26 state budget added a requirement, according to the House Fiscal Agency, that MiLEAP work in collaboration with the Department of Health and Human Services to offer child and infant mental health consultations.

MiLEAP is a new education department created by Gov. Gretchen Whitmer through executive order in 2023.

Michigan Capitol Confidential reported in March 2024 that legislators and the state superintendent were critical of the move.

Michael Rice, who served as superintendent of public instruction until early October, went as far as to ask Attorney General Dana Nessel for an opinion on whether Whitmer's order that created the second education agency was constitutional.

"Step one: make the state government as big and powerful as possible," Rep. James DeSana, R-Carolton, wrote at the time. "Step two: raise taxes. Step three: direct all that power and money anywhere but back into the classroom. A plan like that is doomed to fail."

MiLEAP did not respond to an email seeking comment.

The original version of this story was posted online on October 23, 2025 and is available at MichCapCon.com/33816.



Michigan drops \$1M so company can move six miles

Lawmaker says state economic development agency should be dismantled

BY JAMIE A. HOPE

The Michigan Economic Development Corporation, an organization that offers taxpayer subsidies to select companies, has awarded \$1 million to a Grand Rapids insurance company through the Michigan Business Development Program.

Giving \$1 million to OVD Insurance will generate at least \$12 million in capital investment and create 131 jobs, the MEDC said in a press release.

OVD Insurance, founded in 1982, is currently based in a nearby suburb, but it purchased a seven-story building in downtown Grand Rapids.

"OVD Insurance is required to create at least 131 jobs over the next three years," Danielle Emerson, public relations manager at the state economic development agency, told Michigan Capitol Confidential in an email, citing an agreement between the MEDC and the company.

OVD plans to use the state grant on the building, Josh Van Vels, company president, told CapCon during a telephone interview.

When asked if the 131 jobs cited in the press release will be created or shifted from other businesses, Van Vels said it will be a mixture of new employees and seasoned professionals.

"We appreciate our partnership with the MEDC to support our investment in job growth here in West Michigan," added Van Vels in an email.

The Michigan Business Development Program has an 81% effectiveness rate, according to Emerson of the MEDC. This means that 81% of jobs committed to be created are verified as created. She confirmed that no funds have yet been disbursed for this project.

A study by James Hohman, fiscal policy director at the Mackinac Center for Public Policy, shows that only one in 11 promised jobs from business ventures subsidized by taxpayer dollars during the past 20 years have come to fruition.

Advantage Benefits Group, an employee benefits firm, has also been in the Grand Rapids area, operating in downtown Grand Rapids for 28 years.

"We support the mission of funding economic development, to bring new jobs to Michigan," Advantage Benefits president Robert Hughes told CapCon an email. "In this case, taxpayers are funding a \$1 million build-out, for a property and casualty insurance agency to move six miles from Grandville to downtown Grand Rapids.

"Maybe the MEDC can explain to business leaders how this constitutes economic development for our community or Michigan," Hughes added.

Aric Nesbitt, a Republican state senator from Lawton and 2026 gubernatorial candidate, criticized the grant.

"This is yet another example of the disastrous impact of corporate welfare," Nesbitt said in an email to CapCon. "Here, they're simply paying another Michigan company to relocate and compete against other Michigan companies who didn't get this handout."

The whole state economic development agency, Nesbitt said, needs to be torn down.

The original version of this story was posted online on October 8, 2025 and is available at MichCapCon.com/33776.

U.S. Justice Dept. seeks court order to stop Nessel's climate lawsuit plan

Michigan argued federal case isn't 'ripe' — DOJ says otherwise

BY SCOTT MCCLALLEN

The U.S. Department of Justice has asked a U.S. district court to declare that Michigan can't use state law to regulate carbon emissions nationwide. It did so as part of a lawsuit it filed April 2025 against the state of Michigan, Gov. Gretchen Whitmer and Attorney General Dana Nessel. In May 2024, Michigan Attorney General Dana Nessel announced plans to sue unnamed oil and gas companies for contributing to climate change.

The case hasn't been filed, but it triggered a legal counterstrike. The Justice Department sued Michigan in April, citing Michigan Capitol Confidential reporting in its argument that the state's pending climate lawsuit would violate federal law. On June 20, the department asked the court to deny Michigan's motion to dismiss the federal lawsuit for lack of ripeness.

Nessel asked the judge to dismiss the federal lawsuit because her office has not yet filed any climate-related lawsuits.

The federal government counters that Michigan's attorney general has taken credible steps to file the lawsuit, including:

- Publicly vowing to sue the fossil-fuel industry over climate impacts,
- Issuing a request for proposals seeking firms to bring such suits,
- Laying out a scope-of-work statement that targets producers in and outside Michigan for the global climate crisis,
- Retaining three out-of-state climatelitigation firms to prepare the case "vigorously,"
- Refusing to disavow her intent to sue energy producers in exchange for a Justice Department offer to end the federal suit.

The Justice Department argues that all this shows a credible threat that the suit "is likely to come to pass."

Michigan signed contracts with three out-of-state law firms that specialize in climate: Sher Edling LLP, DiCello Levitt LLP, and Hausfeld LLP, CapCon reported.

The U.S. says its lawsuit is ripe now

because there's a credible threat. Any state of Michigan lawsuits that rely on state law would intrude on exclusively federal terrain, the Justice Department said. The federal government also requested a permanent injunction to enjoin such state-law claims.

"Michigan invites this court to make believe that its threatened suit might not raise the sorts of claims that the United States argues are preempted: state-law claims for damages related to global climate change, whether sounding in nuisance, consumer protection, or some other state law. But Michigan offers no reason to expect that theoretical possibility, and there is none."

The court filing encouraged Nessel's office to sue energy companies over state-law claims, such as nuisance, consumer protection, trespass, negligence, products liability, public-trust, etc, that "functionally regulate global or out-of-state greenhouse-gas emissions."

The Justice Department brought five arguments to support its position: Clean Air Act preemption; constitutional limits on extraterritorial regulation; Dormant Interstate Commerce Clause; Foreign Commerce Clause; and the Foreign Affairs Doctrine.

"The lawsuits share a common feature:

plaintiffs use state statutes and state common law to bring claims against global energy producers rather than using federal law. By framing their lawsuits under state consumer protection statutes or state common law claims, plaintiffs attempt to sidestep federal preemption arguments."

Michigan promised money to law firms that are filing similar lawsuits in multiple other states, the Justice Department noted.

"The firm (Sher Edling) has filed the same type of materially identical lawsuit dozens of times, including for Massachusetts, Delaware, Hawaii, Maine, Minnesota, Rhode Island, New Jersey, and more," said the federal response to Michigan's motion to dismiss. "Its complaints for the States—all of which are filed against major energy producers (e.g., Exxon Mobil Corporation)—allege materially similar state-law claims."

The climate lawsuit could target fossil fuel industry defendants, including but not limited to extractors, producers, transporters, refiners, manufacturers, distributors, promoters, marketers and sellers.

Nessel's office hasn't responded to a request for comment.

Earlier this year, a judge in South Carolina tossed with prejudice a climate

lawsuit city in that state filed against oil companies.

"If these lawsuits were successful, municipalities, companies, and individuals across the country could bring suits for injuries after every weather event," the judge wrote. "The list of potential plaintiffs is unbounded. Moreover, under Plaintiff's theory, there is no reason to limit the universe of potential defendants to energy companies alone."

The Aug. 6 ruling in South Carolina follows unfavorable rulings against state attorneys general by judges in New Jersey and Maryland.

Nessel has waged a war on fossil fuels, Joshua Antonini, an energy and environmental policy researcher at the Mackinac Center for Public Policy, told CapCon in an email.

"The Department of Justice is right to counter AG Nessel's thinly veiled policy-through-litigation masquerading as rights protection. The war on fossil fuels — that is to say, the war on the energy that makes modern life possible and affordable for everyday people — is bad policy, let alone a foolish lawsuit." •

The original version of this story was posted online on October 2, 2025 and is available at MichCapCon.com/33785



Continued from SNAP Fraud, Page 1

- 1. Michigan faces \$415M bill for botched benefit errors
- 2. Michigan food stamp fraud spiked nearly 400% from 2023 to 2024
- 3. Michigan fails to protect food benefits for 1.4M residents
- 4. Michigan welfare fraud doubled from 2023-2024
- 5. Michigan House approves adding chips to SNAP cards
- 6. Criminals hijack IDs to pose as grocery stores in food stamp scam
- 7. A tale of two Michiganders
- 8. Michigan paid more in fraud than it would cost to fix Bridge Cards
- 9. SNAP fraud skyrockets as Michigan sends 738 new Bridge Cards a day
- 10. Fake card readers, real damage: Inside

Michigan's EBT crime campaign

- 11. Food stamp fraud is 'devastating' Michiganders, document says
- 12. Michigan faces \$890M bill looming for food stamp program
- 13. Criminals loot Michigan's \$250M monthly food benefits system
- 14. State worker fired after reporting SNAP theft scheme
- 15. Michigan's outdated food stamp cards cost poor families \$846K in stolen benefits

Haywood Talcove, the CEO of LexisNexis Risk Solutions, was an important source for CapCon's reporting on food stamp fraud.

"The state of Michigan deserves credit for taking an important first step toward strengthening the integrity of its benefits system," Talcove said. "Adopting chipenabled Bridge cards is a smart move to reduce some forms of fraud, but the threat landscape has evolved well beyond card technology. Michigan must now focus on stopping unauthorized retailers, cloned point-of-sale devices, trafficking schemes, and online EBT fraud."

Talcove, whose company sells antifraud software and services to banks and unemployment agencies, said the state must keep protecting taxpayers by stamping out fraud.

"With roughly \$2.5 billion in annual benefits and an improper payment rate over 10%, the cost of inaction is enormous for taxpayers — nearly \$400 million a year

in losses. Under the 'One Big Beautiful Bill', states will now be held financially accountable for improper payments, facing penalties of up to 25% (of the cost of benefits) if they fail to address the problem. Michigan's early action is a positive step, but sustained modernization and enforcement will be essential to protect taxpayers and ensure benefits reach those who truly need them."

CapCon is still waiting on the state health department to produce records about internal fraud. We will continue to report on food stamp fraud as more information becomes available. •

The original version of this story was posted online on October 13, 2025 and is available at MichCapCon.com/33803.



BY JAMIE A. HOPE

Michigan athletic trainers are resisting a 2024 licensing fee hike that they say conflicts with a 2015 state law designed to lower their regulatory costs.

Athletic trainers were first licensed under Public Act 54 of 2006, which required them to pay \$200 annually. In 2006, new applicants had to pay a \$75 application fee, which now stands at \$82.70.

The Michigan Athletic Trainers' Society lobbied for a change. It succeeded when the Legislature passed Public Act 166 of 2015, which lowered the cost of a license to \$100 per year.

Officials of the Department of Licensing and Regulatory Affairs increased the fee in 2020 to \$324.45 every three years, and then to \$330.90 in 2024.

Athletic trainers call timeout on rising licensing costs

Fees have increased under older law since 2015

The professional membership organization for athletic trainers argues that the regulatory department erred in raising fees.

"MATS believes the fee increase is due to Section 333.16317 of Public Act 80 of 1993, which references Act 368 of 1978: 'the department may increase the fees collected under sections 16319 to 16349 by a percentage amount equal to not more than the average percentage wage and salary increase granted for that fiscal year to classified civil service employees employed by the department," Alex Salinas, president of the Michigan Athletic Trainers' Society, told Michigan Capitol Confidential in an email.

The 2015 practice act does not stipulate that a government agency cannot raise the rates, so the department may have acted within the law. But it may have also run against "lex posterior derogat priori," a legal principle that a newer law takes precedence over an older one.

State regulators might be relying on Public Act 80 of 1993, under MCL 333.16317, instead of following the 2015 practice act. The department did not respond to an email seeking comment.

Other requirements athletic trainers must meet include completing 75 hours of continuing education every three years, taking implicit bias training, and getting certified in emergency cardiac care. Athletic trainers must also pay \$50 annually to maintain national certification.

Some trainers work for employers who will cover these expenses, but others must pay out of pocket.

"Licensing fees should cover the cost to actually regulate each profession," Jarrett Skorup, marketing and communications director at the Mackinac Center for Public Policy, told CapCon in an email.

"Right now, LARA uses fee money to cross-subsidize the regulations imposed on more than 150 different occupations and is doing everything it can to raise fees — outside the legislative process — to get as much revenue as it can," Skorup said.

A better route, Skorup said, would be for the department to evaluate all the occupations it licenses. It should compare Michigan to other states, analyze the research and make recommendations to lawmakers about which licenses to eliminate.

Doing this "would ensure the state licensing department focuses exclusively on protecting the public in the few occupations that should be licensed," Skorup added.

Athletic trainers are not the only licensed workers who are paying more

than what is required by the law that lays out their licensing requirements.

The Acupuncture Practice Act 140 of 2019 sets license renewal fees at \$200 per year, but the current renewal fees are \$408 every two years.

Public Act 97 of 2004 allows the state to charge audiologists an annual fee of \$150 for a license, plus \$120 for an application fee. The current renewal fee is \$331.10 every two years.

Rep. Timothy Beson, R-Bay City, is chair of the House Licensing and Regulatory Affairs Committee. He told Michigan Capitol Confidential that he was not aware of the specific concerns from athletic trainers.

"When statutory language appears to conflict or when newer laws may supersede older ones, it's essential that we take a close look to ensure the department's actions remain in compliance," Beson said.

Beson said he would follow up with the agency to see if there is a legislative conflict or ambiguity the committee may need to examine in upcoming hearings.

The original version of this story was posted online on September 25, 2025 and is available at MichCapCon.com/33368.



Taxpayer-funded dream turns to nightmare in Big Rapids as Gotion goes away

Michigan will seek to claw back \$23M in taxpayer funds

BY SCOTT MCCLALLEN

When Michigan gave a Chinese company \$175 million in 2022, officials said the money would create 2,350 jobs in a \$2.4 billion factory that would build electric vehicle components. Three years later, Gotion Inc. has failed to create the jobs, and Michigan is trying to claw back \$23 million.

The Michigan Strategic Fund approved \$715 million in taxpayer subsidies for Gotion, a wholly owned subsidiary of Hefei Gotion High-Tech Power Energy Co., Ltd. The grant included a \$125 million critical infrastructure program grant through the Strategic Outreach and Reserve Fund for a local job creation requirement; tax exemptions and abatements worth \$540 million; and a \$50 million performance-based grant from the Strategic Site Readiness Program.

Still, plans to develop the plant failed.

This wasn't the ideal outcome, Danielle Emerson, Michigan Economic Development Corporation public relations manager, told Michigan Capitol Confidential in an email.

"While this is not the outcome we hoped for, we recognize the tremendous responsibility we have to the people we serve to make sure their hard-earned tax dollars are spent wisely and appropriately," Emerson wrote. "Because milestones were not met, none of the \$125 million (critical infrastructure program) grant to Gotion, Inc. was ever disbursed to the company. We will actively pursue repayment by Gotion of the \$23.6 million in (Strategic Site Readiness Program) grant dollars that went to toward reimbursing the purchase of the land. The remaining \$26.4 million SSRP dollars were not spent and will return to the state.

"We continue to focus on securing advanced manufacturing investments, especially across (internal combustion engine), (electric vehicles) and hybrid vehicles to position Michigan at the forefront of the mobility revolution as it evolves and adapts to market conditions within this decade and beyond. We will continue doing all we can to bring good-

paying jobs and economic opportunity to Michiganders everywhere."

Gov. Gretchen Whitmer welcomed the deal in 2022.

"Today, we're bringing home over \$4.1 billion in investments to Michigan, creating more than 4,600 jobs across Big Rapids, Van Buren Township, and Ottawa and Muskegon counties," the governor said in a press release. "This is yet another historic day for Michigan this year as we continue to secure generational opportunities in our manufacturing and engineering workforce, grow a sustainable economy, and make critical infrastructure improvements to support the state's robust agriculture industry."

An Oct. 14 press release from Whitmer gave the governor credit for securing 36,000 automotive jobs since 2019.

"Since I took office, we've worked across the aisle to win every possible auto project, securing more than 36,000 auto jobs," Whitmer said. "Thanks to partners like Stellantis and our massive network of auto suppliers, we will continue to dominate the auto industry and bring supply chains home even as we face national economic uncertainty."

Whitmer's announcement included promised jobs as created jobs. But the actual number dropped in July when a proposed Sandisk factory failed. Gotion's failure takes away another chunk of promised jobs.

State Rep. Tom Kunse, R-Clare, welcomed the news that Michigan will try to claw back taxpayer money from the failed project.

"This is yet another example of why corporate welfare doesn't work," Kunse said in a press release. "Taxpayer-funded incentive deals often fail to deliver on promises, leaving our communities with broken commitments and wasted public dollars. Promises of jobs and investment mean nothing if companies cannot meet their obligations." •

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19 residents sue Northern Waters Solar, Cheboygan County over 1,700-acre solar project

Group doesn't want solar facility as neighbor

BY SCOTT MCCLALLEN

A group of 19 people has sued the Northern Waters Solar Park, its parent company EDP Renewables, and Cheboygan County for placing a 1,700-acre solar development in the middle of Grant Township over the objection of neighbors.

The 40-page lawsuit, filed in the 53rd Judicial Court, claims the project violates residents' constitutional rights to equal protection under the law and challenges Michigan's new solar siting law, which stripped local governments of authority to block large renewable energy projects. Gov. Gretchen Whitmer signed the bill into law in 2023.

The group suing includes Robert and Betty Johnson; Joseph and Sharon Long; Glen and Debra Buehner; Clark and Dawn Compton; William and Doris Wisnieski; Richard and Marla Peltier; Eric Boyd; Anthony Zalewski; Eric and Sandra Delamielleure; and Anthony and Antoinette Zalewski.

Michigan's government only regulates five things at a solar facility: height, setbacks, fencing, sound, and lighting, attorney David Delaney told Michigan Capitol Confidential in a Zoom interview. He's suing to stop the solar facility.

Delaney questioned why other businesses, such as gas stations, fast food restaurants and factories have to jump through hoops with site planning, parking, traffic, and other items while this solar plant doesn't.

"Why is solar getting a pass? Because

they believe in green energy and that 'We can live off the sun," Delaney said. "Neighbors and taxpayers will get stuck cleaning this up," he added.

Northern Waters Solar Park is a proposed 110-megawatt solar energy infrastructure project in Cheboygan County. The project's goal is to deliver reliable, locally sourced power to more than 30,000 Michigan homes.

Northern Waters received a special use permit from the county in August 2025. Pending some remaining permitting and regulatory approvals, Northern Waters is expected to supply electricity to Michigan communities in 2028, Amy Varghese, head of communications at EDP Renewables North America, LLC, told CapCon in an email.

The project is estimated to create more than \$24 million in revenue in support of Cheboygan Area Schools, the Cheboygan County Road Department and Grant Township, as well as local police, fire, and public safety operations, she added.

The project is expected to create up to 250 construction jobs.

Because Northern Waters received permits through local governing bodies, Grant Township and Cheboygan County are eligible to receive up to \$550,000 (\$275,000 to the township and \$275,000 to the county) in discretionary funds from the Michigan Department of Environment, Great Lakes, and Energy.

The original version of this story was posted online on October 22, 2025 and is available at MichCapCon.com/33817.

Winter Word Search

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