

MICHIGAN
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A review of the votes and proposals of the Michigan Legislature — Vol. 5 No. 1 — Winter 2011

LANSING'S \$140,000 BUS DRIVER

BY TOM GANTERT

A Lansing bus driver earned \$140,900 in 2009 while working for the city's transit company. The six-figure income was due to 2,198 hours of overtime - or about 42 extra hours per week that the bus driver put in - according to the Capital Area Transportation Authority. The driver made \$22.11 an hour base pay.

If the driver worked the standard private sector work week of 40 hours, plus the 42 hours of overtime, then the resulting 82 hour average work week would be sufficient to produce an 11 hour and 42 minute shift for each of the seven days of the week. Mapquest.com estimates that driving from Lansing to Washington, D.C., requires a little less than 10 hours.

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"FUNNY NUMBERS"

Critics of special business subsidies say state's economic planners use shaky data to make decisions

BY TOM GANTERT

Predicting how many jobs the government will get for the \$383 million in subsidies it plans to pour into the Livonia battery facility isn't always an exact science. Even former Michigan Gov. Jennifer Granholm didn't cite what her own economic experts say when it came to the jobs numbers game.

In September, Granholm wrote the following in a blog post on the Huffington Post: "Best of all, the new facility has already created over 300 new Michigan jobs, and A123 Systems' production plans project another 3,000 clean technology jobs to follow."

Liz Boyd, Granholm's spokeswoman, stated in an e-mail the 3,000 jobs figure was based "conservatively on what company officials have said in the past."

But that 3,300 jobs figure far exceeds what the Michigan Economic Development Corporation is projecting for the A123 Systems plant. The state is paying \$133.9 million and the federal government is giving \$249 million.

According to a legislative briefing memo from April of 2009, A123 Systems plans to create 844 jobs over the next five years. Those jobs would pay about \$29,000 a year. The memo

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COMMENTARY

How Fees Fuel Big Government

BY KEN BRAUN

When Michigan government's outsized waistline fails to shrink, there's often very definitive actions and votes that tell the tale. Just two of many recent examples include 2007's billion-plus-dollar tax hikes (see www.MichCapCon.com/9134) and politicians too timid to make modest reforms (see www.MichCapCon.com/11464) last fall that would have saved hundreds of millions of dollars in K-12 spending.

But it isn't always so clear.

Outside of those "big meals," there are other high-fat morsels that keep the state from adopting a sensible diet. A good place to find these "midnight snacks" is wherever a lawmaker is talking about a "fee" like it is different from

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If you are reading this newspaper for the first time, **thank you for taking the time to look over this publication** from the Mackinac Center for Public Policy. We selected you for this mailing because you have shown an interest in the public policy issues that we discuss. Inside, you will find a review and analysis of important state legislative policy issues that do not always receive attention from the general media. Every two months, we send this publication to make it easier for you to keep tabs on your elected representatives in Lansing.

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Additionally, you can help us keep Michigan Capitol Confidential coming to households just like yours by joining the Mackinac Center for Public Policy. The Center is dedicated to providing a free-market perspective on public policy issues that impact the Michigan economy. We provide that perspective through timely policy studies, commentaries, interaction with media and policymakers, and events for targeted audiences throughout the state. Our issues are economic in focus, but as diverse as taxation; government budgeting; science, environment and technology policy; labor policy; privatization; property rights; and general economic education.

The Mackinac Center's mission is to educate Michigan residents on the value of entrepreneurship, family, **community, private initiative and independence from government**. We believe, as our country's Founders did, that liberty and sound policy can never be taken for granted. Their preservation requires vigilance during each generation from both us and citizens like you.

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Thank you for any help you may be able to give us — and don't forget to let us know if you want to continue your **FREE** subscription to Michigan Capitol Confidential!

Sincerely,


Kenneth M. Braun, *Senior Managing Editor*, MICHIGAN CAPITOL CONFIDENTIAL



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Your Candidate Won, But So What?

BY JOSEPH G. LEHMAN



The following is an edited version of remarks delivered by Mackinac Center President Joseph G. Lehman to nearly 300 guests at the Townsend Hotel in Birmingham on Oct. 14, 2010.

What if most of the political prognosticators are right and November 2 turns out to be a very, very good night for Republicans? Or maybe I should be asking, so what if they're right?

Maybe I'm a killjoy to ask "so what" when Republicans have lots of reasons to expect some spectacular political victories. But I maintain "so what" is the very question Republicans need to hear, along with everybody else.

That's because their victory won't translate into better policies if they behave the same way they did the last time they were in power. Election victories don't automatically translate into policy victories.

Nearly everyone here can remember 1994 when Republicans swept into power at a political moment similar in many ways to this one. Republicans eventually controlled the Congress and the presidency, just as, in Michigan, they came to control the governorship and both houses of the legislature.

But the policy accomplishments did not match the campaign promises. Government did not shrink. We did not become more free. Instead the growth of government – federal and state – slowed in some narrow corners, but it still grew overall. By the time Republicans began growing government as fast as the Democrats they had

campaigned against, the voters put them out on their ears.

And so here we are again, sixteen years the older and wiser. Republicans are still better campaigners than most Democrats on the virtues of free markets and limited government. But how long can we afford to wait this time to find out if they're better at keeping their promises than they used to be?

In 1994 Republicans had been out of power for so long it was possible to believe they would automatically pursue their trademark free-market policies once they gained power. It was also possible for the Mackinac Center's founders in 1987 to believe that making the intellectual case for free markets with high quality studies and reports would persuade lawmakers to enact wise policies.

Today we know that which is necessary is not always sufficient.

That's why we've added important new tools to our portfolio at the Mackinac Center. We'll always be the ones to do the studies and reports that tax-funded universities and special interest groups will never do.

But now we don't just send our ideas to lawmakers and the media. With new strategic tools built around government transparency and Internet communications, we are increasingly being the media, and thereby reaching directly those citizens who are the most civically engaged.

Why does this matter? For two reasons. First, it's because government transparency upsets the old way of doing things in the legislature far more than most people realize. In the old days, voters were almost totally dependent on an incumbent's campaign literature

to get information on how the lawmaker actually voted.

Today, our online, searchable database called MichiganVotes.org, lists every vote, of every lawmaker, on every bill. There's no place to hide any more.

Want to know the three Republicans who put the last tax increase over the top? They won't mention those votes in their speeches back in the district, but we post votes and name names right at MichiganVotes.org.

The second reason our new strategy matters is because the people who are the most civically engaged have disproportionate influence on policy making. A stack of Mackinac Center studies a foot high won't persuade as many lawmakers as will a few phone calls from voters in the lawmaker's district.

So we've built our own media operation. Our newspaper, Michigan Capitol Confidential, goes to tens of thousands of engaged citizens. The email version goes every day. Now, when we publish a study, we combine it with an investigative report on the subject, a short video, a newspaper story, and the related legislative activity.

Government transparency, and direct communication with citizens, makes a difference. One Oakland County lawmaker – a Republican – asked us to publish his written apology for cosponsoring a bill after our newspaper exposed the cost of providing state police escorts for the funerals of former lawmakers.

Another Republican substituted a better bill after we pointed out his original bill would have opened a back door for the forced unionization of home health care workers.

His bad bill dogged him during his recent congressional campaign, which he lost by a very narrow margin to a Tea Party favorite.

As bad as the current economic crisis is, it's delivered a once-in-a-lifetime opportunity

to get the country and the state back on track. Citizens are engaged at extremely high levels, and it's not just engagement in partisan politics.

It's much more than the old Red Team/Blue Team stuff. It's as if the citizens have figured out what G. K. Chesterton meant when he said, "The business of Progressives is to go on making mistakes. The business of Conservatives is to prevent the mistakes from being corrected."

It seems the people have never been as savvy as they are now about the emptiness of campaign promises and the Republican/Democrat labels. They want results and they seem to be ready to hold lawmakers accountable once they get to office. When they do in

Michigan, we'll be helping them with tools like MichiganVotes.org and our Michigan Capitol Confidential news service.

So what if your candidate wins next month? It won't mean a thing if the only people he or she gets pressure from after the election are the unions and all the other friends of big government.

November is a starting line, not a finish line. Now more than ever, I'm sure the folks who believe in free markets and individual liberty are going to make their voices heard after the election, and I hope that includes all of you.

Thank you. ■

Joseph G. Lehman is president of the Mackinac Center for Public Policy.

MICHIGAN CAPITOL CONFIDENTIAL

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Cost to Replace Lost Jobs with Michigan Film Subsidies: \$39.4 Billion

BY JACK MCHUGH

A new issue paper from the non-partisan Senate Fiscal Agency estimates that Michigan film production tax breaks and subsidies generated the equivalent of approximately 355 full time jobs in 2009, or 1,542 if “indirect” jobs are also counted. During that year the film incentives’ net cost to taxpayers was \$37.5 million.

When the agency figures in other factors the cost comes to \$193,333 per job created by the incentives, or \$44,561 per job if one includes the estimate of “indirect jobs” created.

Michigan employment declined by 204,000 jobs during 2009. Replacing all these lost jobs with subsidized film production jobs would have cost state taxpayers \$39.4 billion (or \$9.0 billion if the “indirect” jobs estimate is included*).

The entire state budget for the 2009 fiscal year was \$45.5 billion, of which \$25.1 billion came from state taxes and fees (most of the rest was federal money,

**The leading small business lobbyist in the state calls these indirect job estimates “funny numbers they pull out their backsides.” The author of the SFA issue paper notes that “the accuracy of this estimate is essentially unverifiable.”*

including “stimulus” spending). So replacing all the jobs lost in 2009 with “direct” jobs generated by film production subsidies would have required a state tax increase of 156 percent, all of which would have gone to film producers. Replacing the approximately 800,000 jobs this state has lost since 2000 would cost \$154.6 billion, or almost half the state’s annual production of goods and services.

Of course, no one has suggested that all the lost jobs can or should be replaced by film production jobs. Still, it is useful to do the arithmetic just to put claims for this program in perspective. And it’s worth noting that the number of “motion picture and sound recording” industry jobs in this state actually declined between April 2008 when the film subsidy program began and September 2009 (the most recent count).

The author of the SFA paper comes to this conclusion about the program:

“The nature of the credit and the resulting activity is such that under current (and any realistic) tax rate the State will never be able to make the credit ‘pay for itself’ from a State revenue standpoint, even when the credit generates additional private

activity that would not have otherwise occurred.”

Importantly, this conclusion does not include the number of jobs and wealth not created in 2009 because \$37.5 million was taken from other Michigan job providers and taxpayers and given to film producers. SFA estimates that the income redistribution figure will increase \$100 million in 2010.

The Michigan film incentive program was approved in 2008 by a unanimous vote in the House and just one dissenter in the Senate. It provides a “refundable” tax credit of up to 42 percent of the expenses incurred here by film producers, and various other credits for media infrastructure investments and job training.

“Refundable” means that the Department of Treasury sends film producers a check for any credit over-and-above the amount they owe in Michigan Business Tax. Due to government secrecy, the department has not revealed how much actual cash was transferred to film producers, but more than half the credits may easily have been paid out to them in cash. ■

The original version of this story was posted online on Sept. 21, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13582.

Thirty-One MEDC Salaries Top \$100K

BY TOM GANTERT

At a time when the Michigan Economic Development Corporation is saying it is being unfairly criticized, its staffers are among the best paid in the state.

According to information from a Freedom of Information Act request, the MEDC has 31 employees making \$100,000 or more. The MEDC has 351 positions.

Greg Main, president and CEO of the MEDC, had the top salary, at \$200,000. Debra Dansby, the chief operating officer, had the second-highest salary, at \$150,000.

“The MEDC was structured to incorporate the best and brightest from the private sector and the state’s most experienced civil servants in order to better serve the business community with employees paid from either state and non-state funds,” wrote MEDC Spokeswoman Bridget Beckman in an e-mail. “With respect to state employees, MEDC is one of the “oldest” agencies for average years of service compared to others... it’s a matter of perspective. Ours is that we present a unique advantage to Michigan’s business community and our structure has become a model for other economic development agencies.”

It hasn’t been a banner year for the MEDC. A convicted embezzler was approved for a tax credit and had it revoked once the office learned of his background. RASCO CEO Richard Short was on parole after being convicted and serving two years in prison for financial fraud when his tax credit was approved by the Michigan Economic Growth Authority. Short’s company never received any money from the state.



Main offered to resign after the RASCO incident, but Gov. Jennifer Granholm would not accept his resignation.

Then in April, State Rep. Tom McMillin, R-Rochester Hills, met with the state Auditor General after a critical audit of the MEDC. McMillin said MEGA may have doled out an estimated \$150 million in tax credits erroneously in the last five years due to lack of oversight.

The MEDC sent out a letter stating it was “deeply concerned” about “unwarranted criticism.”

The state’s flagship economic development program was started in 1999, when the state’s unemployment rate was 4.0 percent. Over the years, the state’s unemployment rate has steadily climbed, reaching 12.8 percent in May of this year.

“The MEDC has presided over the worst collapse of Michigan’s economic fortunes in its history,” said Michael LaFaive, director of the Mackinac Center’s Morey Fiscal Policy Initiative. “It should be embarrassed for that alone. At the end of the day, it is just another expensive organ of state government.” ■

The original version of this story was posted online on Aug. 4, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13302.

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New GOP House Member Is One of Top Recipients for Teacher Union Money

BY KEN BRAUN

Rep. Mike Callton was a candidate for the open 87th district state House seat, and was one of just three Republicans endorsed by the MEA, the state's largest teachers union. For someone who has yet to cast a single vote, Callton has also received an extraordinary amount of cash from the union - \$5,000. This is more than the MEA has given the current Speaker of the House, and equal to the amount given to the current Chairman of the House Appropriations Committee, who has a lot more say-so on school spending than a new freshman.



Mike Callton

The Michigan Education Association is the labor union of most of Michigan's public school employees. With an agenda that supports higher taxes and more spending, and which opposes scaling back public employee pay and benefits, the union's financial support and candidate recommendations skew heavily toward Democrats who are more likely to share this agenda. The political action committee, MEA-PAC, has spent more than \$2.5 million over the last two election cycles. It is regularly one of the state's ten biggest-spending PACs and by far the most financially powerful public employee union in the state.

But that doesn't mean that the MEA ignores all Republicans. A few get an outright recommendation from the union and a lot get its money.

In a recent newsletter, the MEA released the results of a poll indicating that a large percentage of its membership

is politically "conservative" (see www.MichCapCon.com/13752). In 2008, the union gave its recommendation to 71 candidates who ultimately won seats in the Michigan House. Eleven of these were Republicans (see www.MichCapCon.com/10317) - more than 25 percent of the 43-member GOP caucus. (The Michigan Senate runs on four year terms and was not up for re-election in 2008).

But the inclination to recommend some Republicans seems to have abated considerably during this past election cycle. The MEA's recommendation list for the Nov. 2nd general election included 67 candidates for the House and 24 for the Senate. Only three are Republicans:

- State House candidate Mike Callton of Nashville
- State House candidate Peter MacGregor of Rockford
- Incumbent state Sen. Roger Kahn of Saginaw

Callton, a Republican who has yet to cast a single vote, appears to have received as much financial attention from the union as even the most powerful of incumbent Democrat lawmakers.

A Michigan Capitol Confidential investigation of campaign committees operated by state Rep. George Cushingberry, D-Detroit, appear to indicate that he has received \$5,000 total from the MEA during the current election cycle. Cushingberry chairs the House Appropriations Committee and is thus one of the very most powerful Democrats in the capitol when it comes to deciding how much will be spent on K-12 schools. Only six other lawmakers appear to have gotten

more money from the union during the past election cycle.

Likewise, since the beginning of 2009, a campaign account for Speaker of the House Andy Dillon, D-Redford, received \$4,000 from the MEA.

Yet by comparison, Callton's campaign for the state House received \$5,000 from the MEA-PAC. State records show that the campaign accounts of just six other candidates for the Legislature received more money from the MEA.

MEA donations to Sen. Roger Kahn have not lagged far behind. Kahn is the only incumbent GOP lawmaker in either chamber of the Legislature to run as an MEA-recommended candidate. His senate campaign account has taken in \$2,500 from MEA-PAC since the start of 2009, and the union added another \$1,850 to his leadership fund, for a total of \$4,350. Records from the state's Bureau of Elections indicate that only a dozen lawmakers received more support from the MEA during the past election funding cycle.

Kahn's record on policy disputes where MEA concerns are at issue might explain why they would be inclined to open up their bank account to him:

- This spring, he was the only Senate Republican to vote against an early version of a bill that would have required school employees to contribute 3 percent of their salaries to their pension fund. If this draft had been signed into law, official estimates say this funding reform would have saved taxpayers \$2.8 billion over ten years, with \$211 million of that being saved in just the first year.
- Also this spring, he was one of two Republicans to vote against a bill that would make it easier for school districts to

fire "ineffective teachers" (see MichCapCon.com/12308).

- During 2007's budget battle, he was one of two GOP senators to vote against eliminating certain unusually generous pension benefits in the public school retirement system. He was also one of three GOP senators to vote against a bill that made it easier for other insurance companies to submit competitive bids for public school health insurance policy contracts. Full details at www.MichCapCon.com/9136.

An interesting omission from the MEA's recommended candidate list is Republican Sen. Mike Nofs, R-Battle Creek.

Less than two years ago, Nofs won a special election to the Michigan Senate with the MEA's recommendation and \$5,600 in funding from the union (see www.MichCapCon.com/11112). Like Kahn, Nofs was one of the few Republicans in 2007 to support the MEA's position against eliminating unusually generous pension benefits and against enhanced competitive bidding for public school health insurance policies. Nofs was then a member of the House.

In an unusual twist, Nofs' opponent for that Senate seat, Democrat state Rep. Martin Griffin of Jackson, had voted with the Republicans on the pension and health insurance bidding. Despite spending \$4,000 to help Griffin in previous elections, the MEA-PAC switched its recommendation and its donations to Republican Nofs, the eventual winner.

But Nofs was now up for re-election to the Senate and the union declined to make a recommendation in the race. Furthermore, just \$500 has been given to Nofs for his re-election bid. A potential reason for this may be that Nofs - unlike Kahn - did not buck his party during the vote this spring on the version of a bill that would

have required school employees to kick in 3 percent for their pensions and thus save taxpayers \$2.8 billion.

After Callston and Kahn, Sen. Randy Richardville, R-Monroe, is the Republican with the next largest donation total from the MEA this election cycle. He received \$1,800 to his Senate election fund and another \$1,500 to his leadership fund, for a total of \$3,300.



Randy Richardville

Richardville is a leading candidate to become the next Senate Majority Leader. No recent MEA donations could be located for his main rival, current state Rep. John Proos, R-St. Joseph.

On the House of Representatives side, the two candidates for Republican leader are Rep. Paul Opsommer of DeWitt and Rep. James Bolger of Marshall. Bolger has accepted \$300 from the MEA since the start of 2009, while no records could be found of a recent donation from the union to the campaign funds controlled by Opsommer.

It is not always clear that MEA money flows to Republican politicians who are most likely to support its positions. Though the union's recommended candidate list skews 111-3 in favor of Democrats, more than three dozen Republicans have received campaign checks from MEA-PAC since the start of 2009.

Some don't appear to have ever been accommodating of the MEA agenda.



Chuck Moss

For example, Rep. Chuck Moss, R-Birmingham, received \$300 from the MEA on March 4, 2009. He is one of two GOP to sit on the School Aid & Education Appropriations subcommittee in the Michigan House. Yet he has frequently asserted policy positions diametrically opposed

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a tax. While there are certainly examples of fees being used only for very specific and valid purposes, when any big pot of money is created in Lansing, what is “right” one day has a habit of morphing into “wrong” in a hurry.

Consider the case of 2009 Senate Bill 375, which authorizes spending \$500,000 to conduct a survey and remarking — “remonumentation” — of the Michigan-Indiana border. On May 6 of last year, the Michigan Senate approved this bill on a vote of 34-1.

It now awaits attention in the Michigan House.

Properly identifying property boundaries — be they state lines or the fence you share with your neighbor — is an important component of maintaining both property rights and the rule of law. It is a legitimate function of government in a self-governing society. And because of this, Michigan government created a State Survey and Remonumentation Fund for this purpose. Money for this fund comes from a \$4 fee assessed when property deed and mortgage paperwork is filed with the registers of deeds in Michigan counties.

Ideally, this is supposed to be a user fee: The people who benefit most from clearly marked property lines - property owners - pay the bill for keeping those lines maintained. But according to an analysis done by the House Fiscal Agency, SB 375 doesn't propose to take the \$500,000 from the remonumentation fund. In fact, it explicitly says that the money should NOT come from that fund.

Why would this be?

Perhaps because there's not enough money in the fund to get the job done. To find out why, consider the sad history of that \$4 remonumentation fee.

It was originally a \$2 fee and was part of a state law passed in 1990 that required counties to complete their remonumentation work by 2013. By 2002 counties had determined that the fund was not

collecting cash fast enough to allow completion of the work in a timely fashion, so they asked for a fee hike to expedite the process. The legislation used to increase the fee was 2002 House Bill 6490.

The fee hike, like the work, was set to expire in 2013.

But then in 2006, lawmakers desperate for tax dollars to fund a government that taxpayers could no longer afford enacted 2006 Senate Bill 959. According to a Senate Fiscal Agency analysis, it did the following:

“This bill provided for a one-time transfer of \$15.0 million of the unreserved balance of the Land Survey and Remonumentation Fund to the General Fund.”

“General Fund” is government-speak for “largest pot of cash that lawmakers can spend on whatever they can get the votes for.” Moving remonumentation money there made it possible to avoid cuts to other portions of state spending. State spending for 2006 was more than \$1.4 billion higher than it had been the prior fiscal year. This was an increase of 5.4 percent.

And what about that remonumentation job - the original purpose for the fee and the subsequent fee hike?

Taxpayers who wish to hold lawmakers accountable for the bloat of state government would be well advised to look more closely and not let politicians so easily off the hook when they talk about ‘fees’ as if they are different from taxes

The job that was originally started in 1990 and was supposed to be finished by 2013?

A House Fiscal Agency memo for SB 959 described the impact of transferring \$15 million out of the program:

“... the 20-year Remonumentation program is already estimated to be under-funded by approximately

\$52 million and behind schedule. This will require an 18-month extension of the program itself and the associated fee revenue.”

And so, a dedicated fee and fund that was supposed to be used for marking boundary lines within the state and on its borders probably doesn't have the money to mark the Michigan-Indiana border and appears to now need a special appropriation from some other source to get the work done.

But money for the protection of property rights is far from the only piggy bank that has been raided by lawmakers. Here is another from earlier this month, as explained by MichiganVotes.org:

2009 House Bill 5599 (Authorize 9-1-1 phone tax “fund raid”)

Passed in the House (63 to 44) on September 14, 2010, to take \$7 million each year in the next two fiscal years from telephone tax money levied to pay for 9-1-1 emergency phone service infrastructure, and use it instead to displace state general fund money in the State Police budget, thus avoiding the need to cut or reform other state spending. The infrastructure this phone tax was intended to create was completed several years ago and the tax was supposed to end, but was extended through 2014 in 2008. The fund this money goes into was previously “raided” in 2004, and again in 2006.

This one passed without a single GOP vote in the House. The bill moved to the Senate, where it was modified slightly, so as to take only \$5 million the first year and \$7 million the second. The Senate approved it overwhelmingly with this change, with a bi-partisan majority supporting it on a vote of 35-2. The only dissenting votes were both Republicans. This modified version returns to the House for its consideration, and it seems likely that some version of this fund raid will eventually be sent to the governor.

After all, as noted above, the real purpose for the fee has long since ended and it now lives only as a cash source for the general fund.

This originally began as a 52 cent per month cell phone

fee. The 2004 raid took \$12 million from it to help displace other general fund spending, and the bill in 2006 took another \$15 million for essentially the same trick. The 2008 bill lowered the “fee” - which was by this point a “tax” in all but name - and extended its life.

2009 House Bill 5599 passed in the House (63 to 44) on Sept. 14, 2010, to take \$7 million each year in the next two fiscal years from telephone tax money levied to pay for 9-1-1 emergency phone service infrastructure, and use it instead to displace state general fund money in the State Police budget.

Lawmakers have been quite aggressive in using these fee/fund raids recently. This latest 9-1-1 infrastructure raid is just one of FOUR examples that have happened in the Michigan Legislature in 2010.

On Sept. 16, the Michigan Senate voted 37-0 in favor of Senate Bill 1267. It now awaits attention from the Michigan House. MichiganVotes describes it as follows:

“[Continues] to impose a 7/8ths cent-per-gallon gas and refined petroleum tax scheduled to expire on Dec. 31, 2010. The tax was originally levied for the cleanup of underground fuel tanks, but was diverted to other government spending following a 2004 “fund raid” enacted to avoid state spending cuts and reforms, and continues to be used for that purpose. The bill would extend the tax through 2012.”

Another example happened in the Michigan House on Sept. 23, when House Bill 6120 was approved on a vote of 65-39. Four Republicans joined the majority of Democrats to support the bill. One Democrat voted

with the majority of Republicans who opposed it. It now goes to the Michigan Senate for consideration. The MichiganVotes description is as follows:

“[Would] divert \$2.6 million in certain court and other fees dedicated to a state “juror compensation reimbursement fund,” so that it instead goes into a state “court equity fund,” which would allow legislators to use general fund money that currently goes to the court equity fund to avoid spending cuts and reforms in the Fiscal Year 2010-2011.”

Finally, and also on Sept. 23, House Bill 6461 was approved by the House on a vote of 76-28. There were 17 Republicans joining the majority of Democrats supporting this fund raid. Three Democrats joined the majority of Republicans in opposition. This too is now under consideration by the Michigan Senate. The MichiganVotes description is as follows:

“[Would] divert \$5 million in tobacco, hotel and liquor tax revenue intended to pay debt service on convention facilities like Cobo Hall to the state general fund, which would allow legislators to avoid spending cuts and reforms in Fiscal Year 2010-2011 budget.”

Whatever the stated original purpose of these fees, the bottom line is that they have now become tax hikes that fuel general spending. Many of the lawmakers who voted to create the fees in the first place and those who later voted repeatedly to divert the spending to other uses would likely not consider themselves responsible for raising taxes.

But that is the practical result of their efforts.

Taxpayers who wish to hold lawmakers accountable for the bloat of state government would be well advised to look more closely and not let politicians so easily off the hook when they talk about “fees” as if they are different from taxes. ■

The original version of this story was posted online on Sept. 27, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13619.

Michigan Restaurants Say Smoking Ban Leaves Their Sales Cold

BY TOM GANTERT

A recent survey by a restaurant lobbyist group shows that restaurants are seeing a drop in sales due to the state-wide smoking ban that took effect May 1.

But Andy Deloney, a spokesman for the Michigan Restaurant Association which did the survey, feels the impact may be greater once the warm weather fades. Deloney said his association expects to do another survey in the winter on sales.

“It’s one thing to step right outside the door when it is 80 degrees out but it’s another to do that when it is a blustery 15 degrees,” Deloney said.

The survey found 43 percent of the restaurant and tavern owners found no change in sales or the number of customers since May 1. Another 42.4 percent said their sales are down since the smoking ban started and 41.2 percent say their number of customers has dropped.

“To us, this issue was never about sales,” Deloney said. “The issue was the freedom of the people who own and operate the taverns, bars and restaurants as well as the people who chose to go to them.”

Deloney said restaurants around the state were becoming more and more smoke-free since more customers wanted it that way.

There were 2,200 smoke-free restaurants/bars in 1998 and about 6,030 before the smoking ban took effect, Deloney said. There are 17,000 to 18,000 bars/restaurants/taverns in the state.

The smoking ban is Public Act 188 of 2009. It passed both chambers of the Legislature on Dec. 10, 2009, and was signed into law by the governor on Dec. 18. It was described by MichiganVotes.org as a bill “to prohibit a business owner, including the owner of a bar or restaurant, from choosing to allow smoking in his or her

establishment. The Detroit casinos, existing cigar bars and tobacco specialty retail stores, work vehicles and home offices would be exempt from the ban.”

In the Michigan Senate, it passed on a vote of 24-13, with the support of 15 Democrats and nine Republicans. One Democrat and 12 Republicans were opposed.

In the Michigan House, it passed on a vote of 75-30, with the support of 55 Democrats

and 20 Republicans. There were 23 Republican votes in opposition, along with seven Democrats.

The MichiganVotes.org roll call vote for this bill is listed below. Contact information for all lawmakers may be found at www.MichCapCon.com/9313. ■

The original version of this story was posted online on Aug. 26, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13459.

Check MichiganVotes.org

“Smoking Ban”: Lawmakers who voted TO PROHIBIT BUSINESS OWNERS from allowing smoking in their buildings:

SENATE REPUBLICANS (9)

Birkholz, Cassis, George, Jelinek, Kahn, McManus, Nofs, Pappageorge, Patterson

SENATE DEMOCRATS (15)

Anderson, Basham, Brater, Cherry, Clark-Coleman, Clarke, Gleason, Hunter, Jacobs, Olshove, Prusi, Scott, Switalski, Thomas, Whitmer

HOUSE REPUBLICANS (20)

Ball, Calley, Crawford, DeShazor, Green, Haines, Hansen, Knollenberg, Kowall, Lori, Marleau, Meltzer, Moss, Opsommer, Proos, Rocca, Schuitmaker, Scott, P., Tyler, Walsh

HOUSE DEMOCRATS (55)

Angerer, Barnett, Bauer, Bledsoe, Brown, L., Brown, T., Byrnes, Byrum, Constan, Corriveau, Coulouris, Dean, Dillon, Donigan, Durhal, Ebli, Geiss, Gonzales, Gregory, Griffin, Haase, Hammel, Jackson, Johnson, Jones, Robert, Kandrevas, Kennedy, LeBlanc, Leland, Lemmons, Lindberg, Lipton, Liss, McDowell, Meadows, Melton, Miller, Nathan, Nerat, Polidori, Roberts, Scripps, Segal, Sheltroun, Slavens, Slezak, Smith, Spade, Stanley, Switalski, Tlaib, Valentine, Warren, Womack, Young

Lawmakers who voted AGAINST PROHIBITING BUSINESS OWNERS from allowing smoking in their buildings:

SENATE REPUBLICANS (12)

Allen, Bishop, Brown, Cropsey, Garcia, Gilbert, Jansen, Kuipers, Richardville, Sanborn, Stamas, Van Woerkom

SENATE DEMOCRATS (1)

Barcia

HOUSE REPUBLICANS (23)

Agema, Amash, Bolger, Booher, Caul, Daley, Denby, Eisenheimer, Genetski, Haveman, Hildenbrand, Horn, Jones, Rick, Kurtz, Lund, McMillin, Meekhof, Moore, Pavlov, Pearce, Rogers, Schmidt, W., Stamas

HOUSE DEMOCRATS (7)

Espinoza, Haugh, Lahti, Mayes, Neumann, Schmidt, R., Scott, B.

Legislators who DID NOT VOTE:

Rep. Bennett (D), Rep. Clemente (D), Rep. Cushingberry (D), Rep. Huckleberry (D), Rep. Simpson (D), Sen. Hardiman (R)

2009 Senate Roll Call 693 on HB 4377
2009 House Roll Call 619 on HB 4377

MEA Concedes Large Percentage of ‘Conservative’ Teachers, Endorses 97% Democrats

BY TOM GANTERT

The Michigan Education Association’s October magazine notes a large percentage of teachers nationwide that consider themselves “conservative.”

It stated that a 2005-06 National Education Association survey found 45 percent of teachers under 30 classified themselves as conservative and 63 percent of teachers age 40 to 49 classified themselves as conservative. The MEA represents more than 157,000 teachers, faculty and education support staff.

Yet, in the same magazine, the MEA released its recommendations for political candidates and recommended 111 Democrats in 114 races. The only three GOP candidates to receive a recommendation were:

- State Sen. Roger Kahn of Saginaw, who is running for re-election
- State House candidate Mike Callton of Nashville
- State House candidate Peter MacGregor of Rockford

The overwhelmingly Democratic recommendations come at time when NEA president Dennis Van Roekel is preaching a message of non-partisanship.

Writing recently in the Washington D.C. newspaper “The Hill,” Van Roekel said: “Fundamental and transformative changes in education can only succeed if educators, policymakers and communities work together to meet the enormous challenges

we face, including the fact that one out of five children in this country now lives in poverty. Transforming public schools is not and should not be a partisan issue.”

MEA President Iris Salters said local committees do the endorsements in each of the districts.



The MEA endorsed virtually all Democrats in 2010, despite many teachers identifying themselves as “conservative.”

“What they try to do is identify the person that best will support public education and school employees,” Salters said. “We try not to make a judgment on any group. We judge based on the individual.”

State House Representative Tom McMillin, R-Rochester Hills, who the MEA has not endorsed, said it was “clear the MEA is very partisan.”

“Most Democrats are the only ones who have proved themselves to not mind locking kids in failing schools as long as adults get pay raises and Cadillac benefits,” McMillin wrote in an e-mail. “Very few Republicans can tolerate these bad priorities and turn their backs on kids...and those that do, would likely not survive a primary.” ■

The original version of this story was posted online on Oct. 18, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13752.

Please see also the article on page 15

BUS DRIVER

from Page One

Sandy Draggoo, CEO of CATA, confirmed in an e-mail that the bus driver did receive more than \$140,000 in 2009. CATA declined to release the bus driver's name. By comparison, Lansing Mayor Virg Bernero was paid \$102,000 this year.

"In our labor agreement that we negotiated with our union that went into effect in August, we agreed to contract changes that modified the way we assign work to bus operators which will dramatically reduce the amount of paid overtime," Draggoo said. "Even more importantly, negotiated changes in the contract will save significant dollars so that annual earnings like this operator will not happen in the future."

There was also a CATA bus driver that made \$114,691 in 2009, according to information released to the Mackinac Center for Public Policy following a Freedom Of Information Act request.

CATA has nearly 300 bus drivers, some of which are part time. There were 25 bus drivers who grossed more than \$80,000 last year. The bus system spent \$11.2 million just on bus drivers' salaries, including overtime, last year.

That Lansing bus driver made more than Robert Foy, director of the Flint Mass Transportation Authority, who earned \$106,800 in 2009. Foy was the Flint bus system's highest paid employee in 2009, according to a FOIA request. ■

The original version of this story was posted online on Nov. 5, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13953.

FUNNY NUMBERS

from Page One

states the facility will create a total of 2,217 jobs in the state by 2024.

But those additional 1,373 jobs are "indirect" jobs. That means they aren't jobs created by the A123 Systems plant, but jobs that will be created in the local economy due to the capital investment, operating expenses and payroll of the operation, according to Mike Shore, spokesman for the MEDC.

In other words, it's the extra waiters, shoe salesmen and convenience store clerks hired by other companies due to the plant locating in Livonia. Those jobs are usually spit out by an economic model and there is no follow-up to see if they were ever created.

"These are nothing but funny numbers they pull out of their back side," said Charlie Owens, director of the Michigan chapter of the National Federation of Independent Businesses. "Nobody keeps track. So it looks good."

But State Representative Tom McMillin, R-Rochester Hills, says what bothers him is how few jobs A123 Systems is required to create to get the \$383 million in state and federal subsidies.

McMillin poured through the legal documents on the deal and said that the company only needs to create 300 jobs by Dec. 31, 2016, to get most of the state money and doesn't need to create a single job to get the \$249 million in federal aid.

A123 Systems would have to create 350 fulltime jobs by August 2012 to have a \$4 million loan forgiven.

"We keep hearing all these grandiose plans and claims of thousands of jobs, yet whenever I've tried to put those inflated numbers as requirements for getting our millions of taxpayer dollars, they always say, 'No,' McMillin wrote in an e-mail.

"The fact is, A123 only has to have 300 new jobs to get over \$100 million in checks (subsidies) from Michigan taxpayers. That's over \$300,000 per job of our money and over \$700,000 per job of federal money (which is debt laid on our kids). Real, independent studies show that these schemes, while getting some headlines, actually cost Michigan jobs, because existing businesses pay for those subsidies with higher taxes that would have gone to either preventing layoffs or hiring new employees."

The state's record of predicting job creations is questionable, according to the State Auditor general. The audit found that "direct job" projections in MEDC press releases occurred 28 percent of the time. That caused former State Senator Nancy Cassis, R-Novi, to tell MEDC CEO Greg Main, "The press releases are an absolute disconnect with reality." ■

The original version of this story was posted online on Sept. 17, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13564.

Gov. Granholm Touted Jobs Costing Taxpayers \$113,000 Each

BY TOM GANTERT

In her blog on the Huffington Post in September, Gov. Jennifer Granholm laid out the details about Michigan landing North America's largest advanced battery plant.

But Gov. Granholm didn't mention one fact: It was the \$374 million price tag in federal and state subsidies it took to get A123 Systems to put its plant in Livonia.

Granholm stated the plan would account for 3,300 jobs, meaning the taxpayers paid about \$113,000 per job.

"This company hit the jackpot and it is all at the expense of Michigan taxpayers," said State Rep. Tom McMillin, R-Rochester Hills. "It is all about headlines. This is money that all the other taxpayers have to pay. Those are the silent and forgotten losers. Government loves high profile winners and invisible losers."

A123 was awarded \$249 million grant from the U.S. Department of Energy as part of the American Recovery and Reinvestment Act. The company also received \$125 million in state incentives as part of the 21st Century Jobs Fund.

The state pitches it as part of establishing Michigan as the place to be for the advanced battery business.

"Michigan is fast becoming the advanced battery capital of the world thanks to companies like A123 and global leaders in this industrial sector," stated Michael Shore, spokesman for the Michigan Economic Development Corp., in an e-mail. "We are pleased to have played a role in their growth and expansion here. There are now 17 advanced battery companies that have announced plans to a total of \$5.8 billion in new manufacturing and R&D investments in our state. These investments are projected to create 63,585 new jobs in Michigan over the next ten years."

But the state's auditor general has shown that the MEDC's job projection can be often times way off the mark. A state audit found job projections by the MEDC only occurred 28 percent of the time.

Michael LaFaive, director of the Mackinac Center's Morey Fiscal Policy Initiative, said government has often failed when trying to favor one industry over another via tax incentives.

And the \$374 million incentive? "This industrial policy is on a scale that would make many European countries blush," LaFaive said. ■

The original version of this story was posted online on Sept. 15, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13553.

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HOUSE ABANDONS NET NEUTRALITY BILL

BY BRUCE EDWARD WALKER

(The following is re-posted by permission from Info Tech and Telecom News. IT&T News is a project of the Heartland Institute.)

A U.S. House of Representatives draft proposal for network neutrality legislation released September 27 was abandoned for lack of Republican support later the same week.

The proposed legislation called for the FCC to enforce rules established by Congress. Specifically, the bill would deny the commission authority to reclassify the Internet as a Title II entity under the 1934 Communications Act-FCC Chairman Julius Genachowski's so-called Third Way proposal introduced this past summer.

The draft, from the office of House Energy and Commerce Chairman Henry Waxman, prohibited broadband providers from blocking lawful Internet content or to "unjustly or unreasonably discriminate in transmitting lawful traffic over a consumer's wireline broadband Internet access service."

The legislation would have limited FCC regulatory enforcement to a case-by-

case basis and set a \$2 million maximum fine for violations by broadband providers found to be managing their data traffic.

The draft legislation would also ban wireless providers from blocking lawful Web content, but would allow them to manage their bandwidth. If enacted in its present state, the legislation would sunset December 31, 2012.

"It's good to see this process being conducted in Congress-where it belongs-rather than at the authority-less FCC," said Seton Motley, president of Less Government and editor in chief of StopNetRegulation.org. "This despite the best efforts of the defeat-seeking missiles that are Free Press, Public Knowledge, and the rest of the Media Marxists [stumping for the FCC to impose net neutrality]. Discussing legislation-rather than unilateral unauthorized regulation-is definitely a step in the right direction."

Bruce Edward Walker (bwalker@heartland.org) is managing editor of Info Tech & Telecom News. ■

The original version of this story was posted online on Oct. 13, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13703.

Should China Stop Buying From Michigan? State's favorite political punching bag is one of its best customers

BY TOM GANTERT

China has become the political bogeyman during elections in Michigan.

Democratic candidate Virg Bernero as well as Congressman Mark Schauer both used the country as a dig at their opponents.

Yet, James Hohman of the Mackinac Center for Public Policy says what is being ignored is the good that trade with China has done for the state of Michigan.

According to Hohman's research:

- The Chinese now buy more Michigan products than France and the United Kingdom combined. China is behind only Canada and Mexico as a market for Michigan goods.
- This has been a recent development. In 2000, China had only purchased \$212 million in Michigan products. This grew to \$1.3 billion in 2009. Michigan is on pace to export more than \$2 billion this year.
- Michigan is surpassing national growth rates in trade to China. Total U.S. exports to China rose 35.7 percent for the first half of the year, and Michigan's exports to China rose by 120 percent. Since 2000, total U.S. exports to China rose by 326 percent, while Michigan's exports to China grew by 530 percent.

"How many other economic trends has Michigan beaten the national average? I can't think of any," wrote Hohman, a fiscal policy analyst, in an e-mail. "Politicians love playing on people's fears that their jobs will disappear to low-wage China. But the exponential growth of exports to China shows that Michigan firms are able to compete and

thrive in the world marketplace. Trade with China, in fact, has been one of the few things going right in the state economy."

Yet, Schauer campaigned on the state of Michigan losing 67,800 jobs including 4,700 in the 7th Congressional district, due to unfair trade with China. Schauer was up against GOP candidate and former Congressman Tim Walberg.

"For years we have watched our country's trade deficit with China grow due to unfair practices like currency manipulation, and this bill will force China to play by the rules," said a Schauer press release announcing new trade regulation. "It's time we stopped shipping our jobs overseas, and I'm committed to helping American businesses and manufacturers create jobs here at home for our workers, not workers in China. China has a long history of suppressing the value of its currency to make exports cheaper than they would be if it allowed its currency to be set by the market."

Doug Bandow, senior fellow at the Cato Institute, specializes in foreign policy. He said that no one knows the "right" value of currency.

"It seems strange for a policymaker to argue that it would be better for Americans to pay more for everything they buy from China. I doubt many people would complain if OPEC was selling oil extra cheap. The fact that the Chinese government may be hurting its own people is no reason for the U.S. government to hurt American consumers. Our economy will grow faster and produce more jobs if we take advantage of the mistakes of other nations rather than let U.S. politicians arbitrarily

intervene for their own electoral advantage. China long has been a major supplier of U.S. markets. As it grows in wealth, China is becoming an increasingly important market for U.S. products. Michigan is one of the beneficiaries of growing Chinese demand. In this way trade is demonstrating yet again that it is an important job-creator for Americans."

While running for governor, Bernero tried to use his opponent Rick Snyder's ties with China against him.

Bernero attacked Snyder for a company he invested in opening up an office in China.

"Who's side is Rick Snyder on?" a Bernero press release stated.

Anthony Randazzo, director of economic research for the Reason Foundation, said in an e-mail that Michigan was built on exporting cars throughout the country and then the world and politics shouldn't stand in the way of Michigan returning to the growth model.

"In an economy where housing will be slumping for the next several years and consumers are more focused on paying down debt than returning to their free spending ways of the past decade, the biggest bright spot is the potential of increased exports," Randazzo said. "There is not a lot of investment in the U.S. economy today because banks and private equity are facing a mountain of new regulatory requirements and the threat of increased taxes. But investors are willing to open up their vaults to good ideas. The more Michigan businesses focus on expanding their exports, and are able to demonstrate growing foreign demand, the more cash will flow into the Wolverine State. Michigan is a state that was built on exporting cars across state lines throughout the country and then the world." ■

The original version of this story was posted online on Oct. 15, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13739.

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Legislature's Early-Out Deal: New Government Retirees 21, Taxpayers 3

BY JACK MCHUGH AND JAMES M. HOHMAN

Legislators celebrated a “victory” in September by passing a state employee early retirement scheme that generates upfront savings of just under \$140 million (but at the expense of higher costs down the road). This will be used to fill in a gap between their desired 2011 government spending vs. expected revenue (aka “the deficit”). The measure lets politicians get back to the campaign trail, but in the long-term may cost taxpayers more overall, despite some “rosy scenario” projections that claim otherwise.

On the positive side, taxpayers can celebrate another part of the package that requires remaining state employees to kick in an additional 3 percent toward the cost of their future retirement benefits. But only for three years. So powerful are the government employee unions in Lansing that they forced lawmakers to place a 2013 “sunset” on these taxpayer savings.

Unless the next legislature makes the co-pays permanent, that is. Attention, tea partiers looking for accountability yardsticks for newly elected or re-elected candidates who swore on stacks of Constitutions that they are “fiscally conservative.”

The “early out” pension sweetener scheme will give as many as 6,400 state employees richer lifetime benefits if they retire in 2010. Supposedly, the state will only hire two-thirds of that number to replace them at lower starting salaries, thus the short-term savings. We’ll see — pension increases are forever, but

politicians’ workforce reduction promises may have a shorter shelf-life.

Actually, these pension increases aren’t forever, but just 21 years on average: That’s the additional life expectancy for state employees eligible for the early-out “sweetener,” assuming they have an average age of 59. Thus the overall package “score” of 21 years of benefits for new state retirees versus just three years of savings for taxpayers.

Fiscal analysts presented optimistic workforce reductions figures suggesting that paying high-seniority state employees more to stop working won’t mean higher costs in the long-term but instead will generate net savings that average out between \$19 million and \$33 million over 10 years. Even if the higher figure is correct, it saves just \$1 out of every \$13,636 in the \$45 billion annual state budget - practically a rounding error. To get this, taxpayers will have to give all those new government retirees - many in their 50s - a 6.7 percent increase in their monthly pension checks for the rest of their lives.

Most important to lawmakers, however, was the larger but temporary upfront savings that allows them to claim they “balanced” the budget for the new fiscal year that starts Oct. 1 (a claim that would never stand up under private-sector accounting standards.)

The 3 percent increase in retirement contributions from remaining employees really will save money, however - around \$82 million each year.* For the next three years, anyway. Another provision makes small cuts in the future health benefits of newly hired employees (contrary

to popular belief, these could have been trimmed for current retirees also), and a third closes a “double-dipping” scam that allows government workers to retire, start collecting a pension, and also collect a paycheck working for the state as a “contract” employee.

Incidentally, no one should become too exercised over the modest additional co-pay required of remaining state employees (for three years only). Since 2002, they have received across-the-board pay raises 10 times, in addition to regularly scheduled individual employee “longevity” boosts, “step” hikes, plus increases in the amount that taxpayers have been forced to kick in to pay for their health care and other benefits.

Can any other group of workers in this state say the same? Adding injury to insult, yet another 3 percent state employee pay hike went into effect October 1 (because lawmakers in the House and Senate failed to veto it earlier this year).

All told, state employees receive an average compensation package (benefits included) that costs taxpayers \$93,039. State salaries surpass private levels in many job categories. And government employees at all levels in Michigan receive benefits that exceed private-sector averages by \$5.7 billion annually. ■

The original version of this story was posted online on Sept. 29, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13627.

*Even this provision’s value was compromised, however: The money will be used to pay retiree health benefits that are not an enforceable obligation, rather than to supplement underfunded pension commitments that really are enforceable.

Check MichiganVotes.org

“Legislature’s Early Out Deal”: Lawmakers who voted FOR the state employee early retirement package:

SENATE REPUBLICANS (20)

Allen, Birkholz, Bishop, Brown, Cassis, Cropsey, George, Gilbert, Hardiman, Jansen, Jelinek, Kahn, Kuipers, McManus, Nofs, Pappageorge, Richardville, Sanborn, Stamas, Van Woerkom

SENATE DEMOCRATS (NONE)

HOUSE REPUBLICANS (42)

Agema, Amash, Ball, Bolger, Booher, Calley, Caul, Crawford, Daley, Denby, DeShazor, Elsenheimer, Genetski, Green, Haines, Hansen, Haveman, Hildenbrand, Horn, Jones, Rick Knollenberg, Kowall, Kurtz, Lori, Lund, Marleau, McMillin, Meehof, Meltzer, Moss, Opsommer, Pavlov, Pearce, Proos, Rocca, Rogers, Schmidt, W., Schuitmaker, Scott, P., Stamas, Tyler, Walsh

HOUSE DEMOCRATS (18)

Angerer, Bledsoe, Byrnes, Corriveau, Cushingberry, Dillon, Durhal, Espinoza, Gonzales, Jackson, Johnson, Leland, Lemmons, Melton, Schmidt, R., Sheltroun, Slezak, Spade

Lawmakers who voted AGAINST the state employee early retirement package:

SENATE REPUBLICANS (NONE)

SENATE DEMOCRATS (14)

Anderson, Barcia, Basham, Brater, Cherry, Clark-Coleman, Clarke, Gleason, Hunter, Jacobs, Olshove, Prusi, Scott, Whitmer

HOUSE REPUBLICANS (NONE)

HOUSE DEMOCRATS (45)

Barnett, Bauer, Bennett, Brown, L., Brown, T., Byrum, Clemente, Constan, Dean, Donigan, Ebli, Geiss, Griffin, Haase, Hammel, Haugh, Huckleberry, Jones, Robert, Kandrevas, Kennedy, Lahti, LeBlanc, Lindberg, Lipton, Liss, Mayes, McDowell, Meadows, Miller, Nathan, Nerat, Neumann, Polidori, Roberts, Scripps, Segal, Slavens, Smith, Stanley, Switalski, Tlaib, Valentine, Warren, Womack, Young

Legislators who DID NOT VOTE:

Rep. Gregory, Rep. Scott, B.

Sen. Garcia, Sen. Patterson, Sen. Switalski, Sen. Thomas

2010 Senate Roll Call 462 on SB 1226
2010 House Roll Call 428 on SB 1226



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Teachers Picket as One of Michigan's Wealthiest Public School Districts Faces \$1.7 Million Deficit

BY MICHAEL VAN BEEK

Michigan and local taxpayers provided the West Bloomfield School District with more than \$13,500 per student in 2008-2009, yet it still faces a \$1.7 million deficit for 2010 and \$3.8 million for 2011. Employee compensation makes up 85 percent of the budget, so the district has asked teachers to help close the gap with revisions to their union contract. Their response was to picket, which they did in October.

According to the Michigan Department of Education, the average teacher salary in West Bloomfield was \$70,192 in 2009. This ranks 40th among 551 school districts in the state, and 10th highest among the 24 Oakland County districts that reported teacher salaries.

West Bloomfield teachers currently do not contribute anything towards the cost of their own health insurance premiums. The coverage costs taxpayers \$20,511 for a "family plan," the most-popular, and is

purchased from the Michigan Education Special Services Association, an arm of the state's largest teachers union. The district also provides employees with dental, life, long-term disability and vision insurance at no cost to themselves.

The 2009 statewide public and private employer average cost for a family insurance plan premium was \$13,160, some 36 percent less than what West Bloomfield pays. On average, employees in Michigan contribute about 20 percent toward the costs of these premiums.

To close the budget deficit the district has asked teachers for a 10 percent across-the-board salary reduction, and to pay between \$40 and \$100 per month for health insurance. The only salary reductions contained in a counter-proposal from the union are to coaching and extracurricular stipends (there are 179 different varieties of these). The union actually proposes salary increases for 2011-2012.

Given the current economic realities, many will find it hard

to understand why school employee unions won't do more. Johnny Mickles, a field representative for the American Federation of Teachers, provided some insight at a recent state association conference: "It's my opinion, and every teacher in Michigan's opinion, that the district always has money." By "district," of course, he means "taxpayers." ■

The original version of this story was posted online on Oct. 14, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13714.

Green Buses Driving Costs Higher

BY TOM GANTERT

In Flint, the city's transit authority bought a pair of \$1.1 million electric buses that are zero-emission.

In Lansing, the city's transit authority purchased a 60-foot \$783,000 hybrid bus.

Cities across Michigan are touting their new "green fleets" as good for the environment. Lansing's Capital Area Transit Authority claims its growing hybrid buses cut emissions by 90 percent.

But some transit experts are saying it is poor public policy and that the costs far exceed any environmental gain.

The "eco" buses can cost anywhere from 50 to 100 percent more than a regular diesel bus, and that doesn't include the infrastructure costs that tag along. For example, Flint's Mass Transportation Authority's web site states it has plans to spend \$10 million converting 50 diesel buses to hybrid technology, at a cost of \$200,000 per bus.

Flint transit also wants to spend \$5.2 million to modify its facilities for compressed natural gas fuel.

"This is dreadful public policy," said Wendell Cox, principal of Demographia, a public policy consulting firm in St. Louis, Mo. "On one hand, we ought to do everything we can for the environment. We need to attach a cost to that. In general, transit agencies don't do that. And neither does government."

Randal O'Toole, a senior fellow at the Cato Institute, studied hybrid buses in Minneapolis. He found that the cost to reduce carbon dioxide for the Minneapolis hybrid bus was \$1,000 per metric ton. O'Toole said the going rate in the marketplace is \$10 per metric ton.

"I think it is a huge waste of money," O'Toole said. "Hybrid buses are not an effective way of reducing carbon emission."

O'Toole said municipalities don't take much easier and less expensive steps to reduce carbon dioxide, such as traffic signal coordination. He says a study by

the Texas Transportation Institute found that 2.9 billion gallons of fuel are wasted in congested traffic each year.

So why are transit authorities gobbling up hybrid buses?

Lansing's CATA has 21 hybrid buses and is replacing the older diesel buses with the costlier green buses. CATA has gone to voters in its last two millages

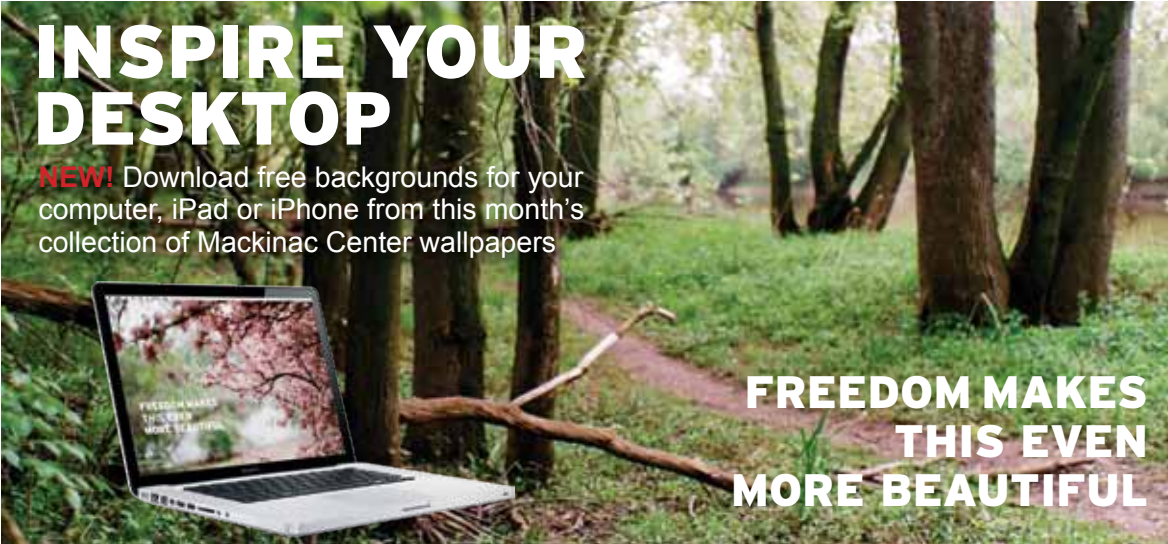
and asked for increases, both approved.

O'Toole said it is part of a public relations campaign by transit agencies to endear themselves to taxpayers, who fund 75 percent of their budgets.

"Their real goal is to con taxpayers into giving them more money," O'Toole said. "Taxpayers will give them money for gee-whiz

products that really sound good. ... Although transit likes to portray themselves as environmentally friendly, buses are extremely dirty. By switching to electric buses, they can honestly project themselves as holier-than-thou." ■

The original version of this story was posted online on Sept. 9, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13524.



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WHY WE GIVE PARTY AFFILIATIONS:

The Legislature is managed as a partisan institution. Lawmakers segregate themselves by party in matters from daily meetings to seating. They have separate and taxpayer-financed policy staffs to provide them with research and advice from differing perspectives. As such, gaining a full understanding of the vote of an individual lawmaker requires knowing his or her partisan affiliation.

WHO ARE YOUR LAWMAKERS?

To find out which lawmakers represent you and to view interactive legislative district maps, please point your web browser to www.mackinac.org/9313.

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Did you know?

Members of the Michigan House and Senate are the second highest-paid state legislators in the United States, behind California.

Base member annual pay: \$79,650

Additional annual expense allowance: \$12,000

Supplements are paid to the following 12 legislative officers:

- Speaker of the House: \$27,000
- Majority leader in the Senate: \$26,000
- Minority leaders in both House and Senate: \$22,000
- Majority floor leaders in both House and Senate: \$12,000
- Minority floor leaders in both House and Senate: \$10,000
- Chair of Appropriations Committee in both House and Senate: \$7,000
- House speaker pro tempore and Senate president pro tempore: \$5,513

In more than 30 states, the position of state legislator is a part-time job with a salary of \$30,000 or less. Texas — the second most populous state and second largest geographically — pays lawmakers \$7,200 per year.

Some pay much less: New Hampshire legislators are paid a salary of \$200 for a two-year term of office; Alabama pays \$10 per day; and New Mexico offers no salary at all — just expenses. ■

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CB = Capitol Building*

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Sports Spending at Bloomfield Hills Schools is \$285 Per Pupil

BY TOM GANTERT

In the Ann Arbor Public School system, compensation in the athletic department for coaches and staff throughout the district was \$2.4 million in 2009. The district had to pay almost \$500,000 in pension contributions in 2009 for its coaching and athletic department staff.

Sports are major budget line items in many public schools.

"It's not trivial," said Michael Van Beek, the education policy director for the Mackinac Center for Public Policy who did the analysis. "I don't think people really know how much schools spend on athletics."

Ann Arbor, which has an enrollment of about 16,500 students, spent \$148 per pupil on athletic coaches and administrators, which includes salaries, health benefits and other non-payroll professional and technical services such as field maintenance.

However, Ann Arbor was not close to the highest cost-per-pupil in the state for athletic spending. That was Bloomfield Hills, which had

a \$285 cost-per pupil. Bloomfield Hills' total net cost was \$1.5 million.

Now parents are feeling the budget crunch.

With 36 varsity sports at each of the two high schools and a third newer high school offering, Ann Arbor Public Schools started a "pay to participate" system. At the high school level, parents must pay \$150 for the first sport and \$75 for each additional sport, according to Ann Arbor Public School Spokeswoman Liz Margolis.

Margolis gave golf as an example. Parents pay \$150 for each child. But Margolis said the school's booster program also asks each parent to pay an additional \$200 voluntarily.

Margolis said the parents are paying at a time when the district has cut its athletic fund by 10 percent.

"It's very expensive and parents foot the bill now," Margolis said.

Van Beek did the analysis from information he received from the Center for Educational Performance and Information. The data is what the schools report to the state of Michigan.

The money came out of school's "athletic fund" and is designated for athletic activities.

Schools that hire coaches that are not on the school's payroll incur less cost. That's because if the coach is also employed separately within the district, the school would likely be required to make a 16.9 percent mandatory retirement payment contribution for the coach's additional sporting stipend. That school contribution increased to 20.6 percent in 2010.

For example, Ann Arbor paid an extra \$426,482 in 2009 for retirement contributions towards Michigan Public School Employees Retirement System, based upon just the extra stipends it pays for salaries to athletic department employees.

Van Beek said it is easier to ask parents to pay more than to get unions to give up high-priced insurance plans. ■

The original version of this story was posted online on Oct. 27, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13880.

MEA PAC

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to the union's agenda. He publicly challenged the cost (see www.MichCapCon.com/12717) of school employee pay and benefits and criticized the House majority (see www.MichCapCon.com/9913) for increasing K-12 spending beyond the available revenue.

A listing of Republican state lawmakers and legislative candidates who have accepted more than \$1,000 from the MEA since 2009 is noted below. This listing includes both the main campaign accounts of the politician and any leadership accounts (where applicable).

Republicans receiving more than \$1000 in MEA-PAC donations since start of 2009:

Mike Callton - GOP candidate for House: \$5,000
Sen. Roger Kahn, R-Saginaw: \$4,350
Sen. Randy Richardville, R-Monroe: \$3,300
Rep. Paul Scott, R-Grand Blanc: \$3,000
Sen. Wayne Kuipers, R-Holland: \$2,500
(Kuipers is the chair of the Senate Education committee)
Rep. Kevin Elsenheimer, R-Bellaire: \$2,050

(Elsenheimer is the current GOP Minority Leader in the Michigan House)

Sen. Mike Bishop, R-Rochester: \$2,000
(Bishop is the current Senate Majority Leader)

Sen. John Pappageorge, R-Troy: \$1,550
Former Rep. Tim Moore, R-Farwell: \$1,500

(Resigned from Legislature to become elementary school principal)

Rep. Kevin Green, R-Wyoming: \$1,240
Rep. Geoff Hansen, R-Hart: \$1,200

Rep. Jim Marleau, R-Lake Orion: \$1,100

(Marleau is now a candidate for the Michigan Senate)

Rep. Gail Haines, R-Waterford: \$1,050
Rep. Phil Pavlov, R-St. Clair: \$1,050

Rep. Jim Stamas, R-Midland: \$1,025

Rep. Ken Horn, R-Frankenmuth: \$1,000
Sen. Mike Nofs, R-Battle Creek: \$500 for current election cycle and \$5,600 for special election to Senate in early 2009. ■

The original version of this story was posted online on Oct. 20, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13788.

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DONT TREAD ON ME

TEACHER UNION DOUBLES REPUBLICAN COUNT ON RECOMMENDATION LIST

BY TOM GANTERT

Editor's note: This story is a follow-up to a story posted on page 7.

The Michigan Education Association appears to have doubled its number of recommended Republican candidates for the Michigan Legislature and Congress from three to six less than a week after Michigan Capitol Confidential pointed out that state's teachers union had recommended voting overwhelmingly for Democratic candidates (see www.MichCapCon.com/13758).

The MEA "recommended" 111 Democratic candidates for 114 races in its October magazine. The three Republicans were Michigan House candidates Mike Callton of Nashville and Peter MacGregor of Rockford, and state Sen. Roger Kahn of Saginaw.

Michigan Capitol Confidential's article highlighted the highly partisan recommendations of 97 percent appeared to conflict with National Education Association president Dennis Van Roekel's message of non-partisanship when tackling school issues.

The MEA's October magazine also included a NEA survey that 45 percent of teachers under 30 classified themselves as

conservative and 63 percent of teachers age 40 to 49 classified themselves as conservative. The MEA represents more than 157,000 teachers, faculty and education support staff.

It appears MEA updated its "recommended candidates" list on Friday to include incumbent Republican Congressman Fred Upton of St. Joseph, and state Sen. Mike Nofs of Battle Creek, and Bradford Jacobsen, who is running for the 46th district in the state House of Representatives.

The MEA recommendations were last updated Oct. 22, 2010 according to its web site.

Steve Sachs, campaign manager for Nofs, didn't know about the MEA endorsement when first contacted by Michigan Capitol Confidential early Friday afternoon. He later checked and confirmed that they were notified recently.

"They just literally made the announcement today or late last night," Sachs said.

Doug Pratt, MEA Spokesman, didn't return an e-mail seeking comment. ■

The original version of this story was posted online on Oct. 23, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13829.

School Advocacy in Bond Elections Questioned

BY TOM GANTERT

Two school districts could have been in violation of state law by using school resources to promote their funding proposals.

The Lansing School District released a flier promoting its bond that asked residents to vote and added a promotional slogan: "Preserve Our Heritage. Fund Our Future." Lake Orion School District had an internal e-mail sent out asking for volunteers to make phone calls about the bond.

A Lansing School District spokesman defended the flier, saying encouragement to "Fund Our Future" was just a slogan.

An attorney representing the Lake Orion district said the school was "headed down the wrong path" with its e-mail.

"We stopped it very quickly," said Jim Crowley, an attorney representing Lake Orion School District. Crowley said a committee to set up passing the bond was formed that didn't involve any school resources.

There have been numerous reports this election campaign season regarding school districts crossing the campaign finance laws that forbid schools from using school resources to promote a candidate or a funding issue.

The Lansing flier had statements that the sinking fund

would contribute "to a more nurturing learning environment for our kids" and that the fund would be created by "a slight" millage increase.

Bob LaBrant, Senior Vice President for Political Affairs and General Counsel for the Michigan Chamber of Commerce, took exception to the terms "Fund Our Future."

"That is about as close to

"If you call them and say, 'I'm against the bond,' they'll say, 'Thank you and have a nice day,' ... It is school resources that is recruiting volunteers to pass a bond proposal. That is exactly what they are doing."

coming to a 'Yes' vote as you are going to find," LaBrant said. "If you don't have the toe over the line, it's millimeters away from touching it."

Steve Serkaian, spokesman for the Lansing School District, said the school was only encouraging residents to vote on the sinking fund and not advocating a "Yes" vote.

As for, "Fund Our Future", Serkaian said, "It's just a slogan."

"We designed these pieces to communicate factually what we believe to be the essence of this proposal and rely on the citizens of Lansing to make their own judgment," Serkaian said.

At Lake Orion, the e-mail was sent by a teacher using her school e-mail and stated they were looking for parent volunteers for the bond to be voted on in February of 2011. An attached document further explained: "We need help from each of our classrooms throughout the district. I am in need of two volunteers in our classroom to be in charge of making phone calls in regard to the bond."

Eric Doster, the general counsel for the state Republican party, said it was obvious the school was recruiting volunteers in favor of the bond.

"If you call them and say, 'I'm against the bond,' they'll say, 'Thank you and have a nice day,'" Doster said. "It is school resources that is recruiting volunteers to pass a bond proposal. That is exactly what they are doing." ■

The original version of this story was posted online on Nov. 1, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13910.

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I'M JUST A BILL

Michigan✓**votes.org**

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

Due to a data-entry error, Rep. Dave Agema, R-Grandville, was listed on www.MichiganVotes.org as the sponsor of House Bill 5593, now Public Act 216 of 2009, which increased the state licensure fees imposed on nurses. This error was printed in "Just a Bill" in the last edition of Michigan Capitol Confidential. House Bill 5593 was actually sponsored by Rep. Alma Wheeler Smith, D-Salem Township. There were no co-sponsors. Rep Agema voted "no" on the bill when it passed the House on Dec. 10, 2009.

MichiganVotes.org and Michigan Capitol Confidential apologize to Rep. Agema for the error. Below are some of the real bills Rep. Agema has sponsored.

HOUSE BILL 5523

Repeal "prevailing wage" law

Introduced by state Rep. Dave Agema, R-Grandville

The bill would revise references in the state school code to reflect the repeal of the state "prevailing wage" law proposed by House Bill 5522. The "prevailing wage" law which prohibits awarding government contracts, including school building and repair projects, to contractors who submit the lowest bid unless the contractor pays "prevailing wages," which are based on union pay scales in a particular part of a geographic region. These wage rates may be above the market rate in other parts of the region.

HOUSE BILL 6285

Narrow allowable film subsidy secrecy

Introduced by state Rep. Dave Agema, R-Grandville

The bill would narrow the scope of a Freedom of Information Act exemption in the state film subsidy law. Under current law the state Film Office can keep secret information, records or other data submitted on commercial and financial operations submitted by a production company. The bill removes this part the FOIA exemption, limiting it to just intellectual property or information whose release may put the company at a competitive disadvantage.

HOUSE BILL 5594

Mandate public schools privatize non-instructional services

Introduced by state Rep. Dave Agema, R-Grandville

The bill would require public school districts to contract out custodial, transportation and food services. They would have to use competitive bidding to award contracts more than \$20,000.

HOUSE BILL 6286

Require proof of citizenship to register to vote

Introduced by state Rep. Dave Agema, R-Grandville

The bill would require a person to provide proof of United States citizenship when registering to vote.

HOUSE BILL 4903

Ban environmental cleanup standards more stringent than federal

Introduced by state Rep. Dave Agema, R-Grandville

The bill would prohibit state hazardous substance environmental cleanup standards or regulations than are more stringent than required by federal law.

HOUSE BILL 6114

Cut MBT, replace revenue by eliminating selective tax breaks, subsidies

Introduced by state Rep. Dave Agema, R-Grandville

The bill would eliminate any future selective Michigan Business Tax business tax breaks being granted by government "economic development" agency officials to firms that also enjoy "renaissance zone" tax exemptions.

HOUSE BILL 6259

Create incentive for state employees to spend less than appropriated

Introduced by state Rep. Dave Agema, R-Grandville

The bill would give employees in a state agency 30 percent of the savings realized in a given fiscal year between the amount that was appropriated for the agency's annual budget and how much less than this was actually spent. ■