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## The Most Bizarre Licenses in Michigan

Potato dealers, foresters, butter graders and more

BY JARRETT SKORUP

In 43 states and Washington, D.C., a young person who has a dream of being a forester faces a fairly straightforward process: Get the necessary training and apply for a job. But to be a registered forester in Michigan, it's not so easy.

The state's occupational code mandates fees and has a higher education requirement. It also places limits on someone with a criminal background. The process includes years of training for an associate or bachelor's degree, followed by two years of working for someone else and payment of \$90 in fees. The law also has a "good moral character" provision, meaning a person's criminal background can be a barrier to work. (Unlike other state licenses, these requirements only apply

to people who refer to themselves as a "registered forester.")

Those obstacles can be overwhelming for many people, and experts say the growth of such protectionist licensure regimes into so many professions has led to fewer opportunities for young people. In some cases, it can even lead to more crime. Research from Stephen Slivinski of Arizona State University links occupational regulations with higher criminal activity.

"Decades of academic literature indicate that gainful employment is one of the best ways to keep ex-prisoners from re-offending and ending up back in prison," Slivinski said. "So, not surprisingly, occupational licensing barriers that make it harder or

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## No More 'Chippewas,' 'Eskymos' or 'Fighting Scots'? Bill Bans Ethnic Mascots

BY EVAN CARTER

The Caledonia Fighting Scots, Escanaba Eskymos, and dozens of school district teams with mascots such as "Warriors," "Braves" or "Indians" would have to find new names and mascots under a bill introduced in the Michigan Senate last week. The legislation would require specified state officials to determine which public school team names and mascots must be dropped.

Senate Bill 646 would require the Michigan State Board of Education, with the approval of the Michigan Department of Civil Rights, to create a list within six months of "race- or ethnicity-based classifications" that schools may not use. The state Department of Education would also have the authority to withhold funds from schools that use prohibited names, mascots or symbols.

For example, Saranac Community Schools could lose up to \$7.2 million in state aid for having the nickname "Redskins." Escanaba Area Public Schools has the nickname "Eskymos" and could potentially forfeit \$16.1 million in state money.

The bill would allow schools to keep a banned name or mascot but only if the State Board of Education and the Department of Civil Rights grant a waiver. Even before seeking permissions from those two agencies, though, a school

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Photo via UpperPeninsula.biz

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Dear Reader,

**We could not do this without you.**

For ten years now, Capitol Confidential has served citizens as Michigan's **reliable and trusted source of news** that includes the free-market point of view.

We have reported breaking news on everything from alternative energy boondoggles to unwarranted seizures of private property to union perks at taxpayer expense, all with the objective of holding government accountable to the people.

**Today I want to thank you** for your readership and ask for your continued support.

**Will you make a tax-deductible gift** to Michigan Capitol Confidential during this holiday season? You can send a gift in the enclosed envelope or make a donation online at [www.MichCapCon.com](http://www.MichCapCon.com).

Your gift will help **safeguard our liberties** through investigative journalism that keeps citizens informed.

Thank you for your consideration, and **happy holidays** from all of us at Michigan Capitol Confidential.

Sincerely,



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LETTER FROM THE EXECUTIVE VICE PRESIDENT

# Looking Ahead

MICHAEL J. REITZ

*Editor's note: This article was first published in the November/December issue of IMPACT Magazine.*

Anniversaries prompt reflection on the past and the future.

In 1997 the Mackinac Center was preparing to move into its new headquarters building at 140 W. Main Street in Midland. As part of the move, the staff decided to place a time capsule in the wall. Rather than rely on the typical date-specific criteria for opening the capsule, senior vice president Joe Overton instead proposed to use public policy milestones.

Among the milestones discussed, Overton proposed: "Michigan adopts a free market in labor representation, to the extent allowed by federal law. Michigan workers are therefore free to join or not join labor unions without government intervention in collective bargaining."

At the time, such an idea was absurd, but as we like to say here: We unabashedly pursue big ideas with long odds. Fifteen years after that capsule was sealed up, Michigan became a right-to-work state. Since 2012, tens of thousands of workers have exercised their rights, declining to pay a labor union without the fear of being fired.

Even from its early days, the Mackinac Center has recognized the strategic importance of promoting free association in labor representation. We've been the leader in providing information about the morality and benefits of right-to-work, which culminated in the state's right-to-work law. In addition, our litigators helped shut down stealth unionization efforts targeting day care providers, home help workers and graduate assistants. Our investigator exposed the Michigan Education Association's hypocrisy in opposing privatization of school services while outsourcing many of its own functions. Our policy experts have studied and testified on the benefits of worker freedom across the country, working in Indiana, Wisconsin, West Virginia, Kentucky and Missouri as those states adopted right-to-work laws. In the last three years, we trained dozens of analysts and communicators in the strategies and tactics of achieving a labor policy goal.

Significant accomplishments can prepare you for even greater challenges. The Mackinac Center's first 30 years prepared us for the next development in labor policy history.

The U.S. Supreme Court recently accepted *Janus v. AFSCME*, which could prove to be the most significant labor law case in 40 years. Mark Janus is a child support specialist with the state of Illinois. He objects to paying the union as a condition of employment: "I brought this case on behalf of all government employees who also wanted to serve their community or their state without having to pay a union first," he said.

The case is aimed at overturning a Supreme Court ruling that allows workers in some states to be, in essence, taxed by the union in order to keep a job. If the Supreme Court rules in favor of *Janus*, the ruling would extend free association rights to all government employees who don't live in right-to-work states. Five million public employees in states like New York, Illinois and California would have the ability to resign from forced unionization.

We know that legal or policy changes do not automatically result in greater liberty. Labor organizations are already planning to minimize the impact of a ruling in favor of *Janus*. Some legislators will seek to bail out unions using taxpayer dollars. Workers in those forced unionism states will need to be educated about their options.

Advocates, teachers and lawmakers across the country are asking for our help. Thanks to your support, the Mackinac Center is uniquely suited to help shape the future. ■



Michael J. Reitz,  
Executive Vice President

## MEET THE STAFF



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## CEOs of Michigan's Big Energy Monopolies Get Millions, Customers Get Rate Hikes

*DTE's head collected \$12.5 million while company lobbied for friendly rewrite of state regulations*

BY EVAN CARTER

In 2016, DTE Energy CEO Gerard Anderson collected \$12.5 million in total compensation — at a time when the company imposed a \$184.3 million rate increase on its customers.

That same year, DTE Energy Vice Chairman Steven E. Kurmas collected \$4.5 million. The company's president and chief operating officer, Gerardo Norcia, took in \$3.9 million. Patricia Poppe, the president and CEO of Michigan's other large utility, Consumers Energy, received \$3.5 million in total compensation in 2016.

In the same year, DTE and Consumers were perhaps the lead players in a rewrite



of the state law that governs how the companies are regulated. Among other things, the effort essentially adopted as Michigan law the Obama administration's Clean Power Plan mandates. The law will

allow the companies to gain profits by replacing existing coal generating plants with ones powered by natural gas, and also by expanding the amount of power they get from wind turbines.

In early 2016, the U.S. Supreme Court halted implementation of the Clean Power Plan, and the Trump administration has begun the process of rescinding it.

Over the past six years, DTE has imposed three major rate increases totaling \$597.5 million on its 2.2 million customers in the state.

In a public statement, DTE Energy said its CEO compensation is justified and not included in customer rates.

“Compensation for DTE Energy senior leaders is benchmarked against other utilities and non-energy companies with similar revenues,” the statement read. “77 percent of Gerry Anderson’s 2016 total compensation was performance-based, and rewarded as a result of the company meeting its objectives, and this performance pay is generated from shareholder funds. Anderson’s tenure leading and stewarding the company over the last decade has resulted in enterprise wide improvements.” ■

*The original version of this story was posted online on Oct. 31, 2017 and is available at MichCapCon.com/24104.*

## No Arrest — But Cops Took And Kept His \$2,035 Anyway

BY EVAN CARTER

In May 2016, two Michigan State Police troopers conducted a traffic stop in Flint when they suspected a man had made a drug-related transaction at a nearby McDonald's. After searching his SUV and finding no illegal drugs or drug-related materials, the police seized \$2,035 from him but did not charge him with any crime.

The suspicion was based on the man parking his Chevy Trailblazer next to a silver Chevy Malibu in the McDonald's lot. Officers had stopped the man at least twice in the previous two months, and one of those times found he had \$5,000 in his possession. Also, his vehicle did not comply with state law on windows.

After hearing his Miranda rights, the man agreed to an interview and let the officers search his person and his vehicle. According

to the official report, the trooper involved says he suspected the man of engaging in drug-dealing activity.

The man had been stopped by the Michigan State Police the previous night, when he gave an inconsistent account of his destination in Flint. Additionally, state police were suspicious of his cache of money, \$2,035, which largely consisted of \$20 bills. Heroin is typically sold in \$20 amounts, an officer stated.

State police records indicate that officers seized the man's \$2,035; he was released at the scene and no criminal charges were filed.

In Michigan, one out of every 10 citizens whose property is seized and then kept by police through a legal process called civil asset forfeiture is never charged with a crime. More than \$15.3 million in cash and property was forfeited last year according to a state report.

The man mentioned above was one of 523 people in Michigan last year who had seized property forfeited without being charged with a crime. In this particular case, state police records indicate that Michigan State Police Financial Services was able to keep \$1,729.75 of the money forfeited.

According to Kahryn Riley, policy analyst in the criminal justice initiative at the Mackinac Center for Public Policy, the troopers' actions weren't illegal because Michigan doesn't currently have a law requiring a conviction or even an arrest before pursuing a forfeiture action in court.

Riley, though, said this process violates the spirit of the maxim “innocent until proven guilty.”

“We want to give police with reasonable suspicion and probable cause the authority to follow up in those instances. But

carrying a large amount of cash doesn't amount to either one of those,” Riley said. “The police can seize it if they're suspicious. But to forfeit it? There's no reason why you shouldn't need to get a conviction before transferring ownership of thousands of dollars.”

Riley added that currently, Michigan law enforcement agencies have a strong incentive to pursue forfeiture because they get to keep 100 percent of the proceeds. Legislation pending in the state House would reform this practice.

The Michigan State Police did not respond to several phone calls and emails requesting comment on the incident. ■

*The original version of this story was posted online on Nov. 24, 2017 and is available at MichCapCon.com/24153.*

## Police Set Up Crime, Entrap College Student's Cellphone and \$100

BY TOM GANTERT

In 2016, police officials from two Michigan cities teamed up to place an advertisement soliciting sex on a website commonly used for prostitution.

The Kalamazoo Valley Enforcement Team, which is a joint operation of police officers from the cities of Kalamazoo and Portage created to run drug investigations, then used an informant to agree to be a prostitute for the sting operation.

On March 31, 2016, a Western Michigan University student answered the fake

advertisement. When he paid the informant \$100, police were listening from an adjoining hotel room and through the door. The student was not arrested but admitted to paying for sex.

The WMU student was never charged with a committing a crime because this would have required the police to name the informant. Yet police seized his cellphone and \$100 anyway and kept it through a process known as civil asset forfeiture.

In Michigan, one in 10 people whose property is taken and kept by police in

forfeiture actions is never charged with a crime. A state report shows that more than \$15.3 million in cash and property was forfeited last year.

That WMU student was one of 523 people who had seized property forfeited without being charged with a crime. In this case, police created the circumstances for the crime to be committed and then did not charge the individual they lured. But they did keep his money and cell phone.

Michigan Capitol Confidential has sent Freedom of Information Act requests to

dozens of local and state agencies asking for the reports involving cases in which property was seized and then forfeited to police. The information for this story came from the public records received from a FOIA request.

The Kalamazoo Department of Public Safety and City Manager Jim Ritsema didn't respond to emails seeking comment. ■

*The original version of this story was posted online on Nov. 20, 2017 and is available at MichCapCon.com/24149.*

# City Taxpayers Will Pay Millions For Past Employees' Benefits

BY EVAN CARTER

Every resident in 10 Michigan cities would have to pay at least \$3,800 to fully fund the post-retirement health insurance benefits their elected officials have promised to city employees, according to data obtained from the state Department of Treasury.

These cities and well over half of all Michigan local governments have failed to fund the retirement benefit promises officials have made to city employees. Unlike pensions, these health insurance promises are not an enforceable obligation on taxpayers, but they could still cause financial problems for local communities, potentially requiring spending cuts or triggering tax hike campaigns.

For example, East Lansing has not funded \$39.6 million worth of retiree health insurance, and its city council recently asked residents to approve a local income tax measure. East Lansing voters rejected the city income tax on Tuesday.

The city of River Rouge in southeastern Michigan is the furthest behind in paying for these benefits: Every one of the city's 7,546 citizens would have to pay \$8,008 to provide the benefits their elected officials have promised to city employees.

Hundreds of county and municipal governments throughout Michigan have promised to provide their employees with health insurance coverage after they retire,

but most have not put aside enough money to pay for those promises. Of Michigan's 83 counties, 53 have not fully funded these benefits.

According to James Hohman, the director of fiscal policy at the Mackinac Center for Public Policy, Michigan's local governments would have to contribute at least \$9 billion to pre-fund insurance benefits. He said local governments should either set money aside to pay for the coverage or cut the benefit.

"The basic problem with retiree health care systems is that you can push the cost of today's government onto tomorrow's taxpayer," Hohman said.

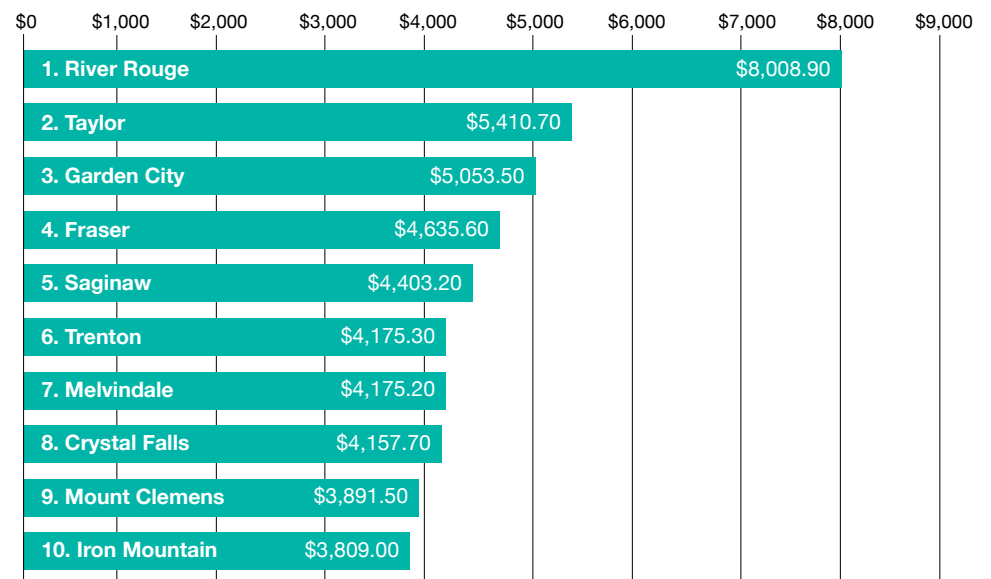
Five of the 10 Michigan cities with the highest per-resident underfunding levels are in Wayne County, including the top three: River Rouge, Taylor and Garden City.

In Taylor, each citizen would have to pay about \$5,400 for the city to fully cover some \$333 million in unfunded promises to retirees. In Garden City, each person would have to pay about \$5,100 to cover \$136 million in underfunding.

Karl Ziomek, Taylor's director of communications and marketing, said the underfunding is a product of years of bad negotiations between municipal officials and their unionized workforces, adding that it shouldn't surprise anyone.

Ziomek said new hires in Taylor's police and fire departments are no longer eligible

## Top 10 Cities With The Highest Retiree Healthcare Cost Per Resident



Source: Michigan Treasury Department

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for retiree health insurance and instead contribute to individual retiree health accounts. He said no specific plans are currently under consideration to decrease the underfunding, but the city could ask residents to approve borrowing through bond sales to pre-fund these retiree benefits. Alternatively, the city could use excess revenue to fill the underfunding gap once

officials are confident they have enough money in the city's rainy day fund.

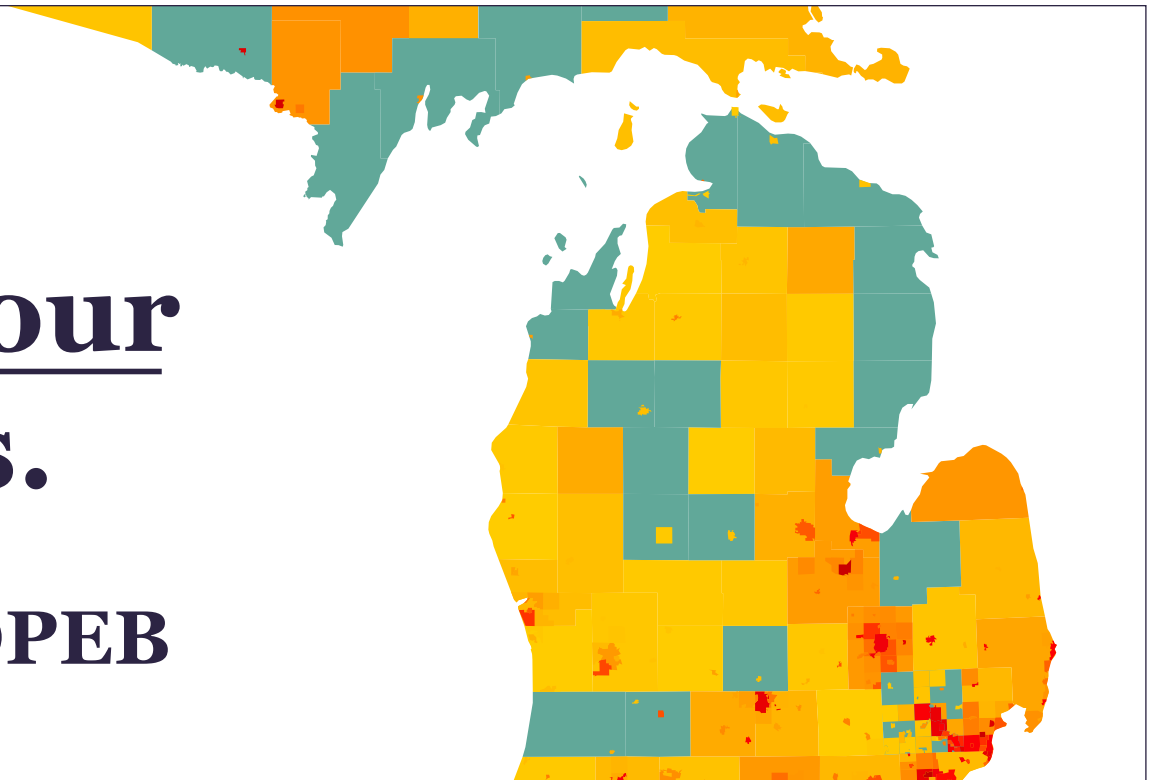
Citizens can see how much debt is owed by their city to retirees for health care at [www.mackinac.org/OPEB](http://www.mackinac.org/OPEB). ■

*The original version of this story was posted online on Nov. 8, 2017 and is available at [MichCapCon.com/24121](http://MichCapCon.com/24121).*

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# What's Wrong With Auto Insurance in Michigan

(and What We Can Do About It)

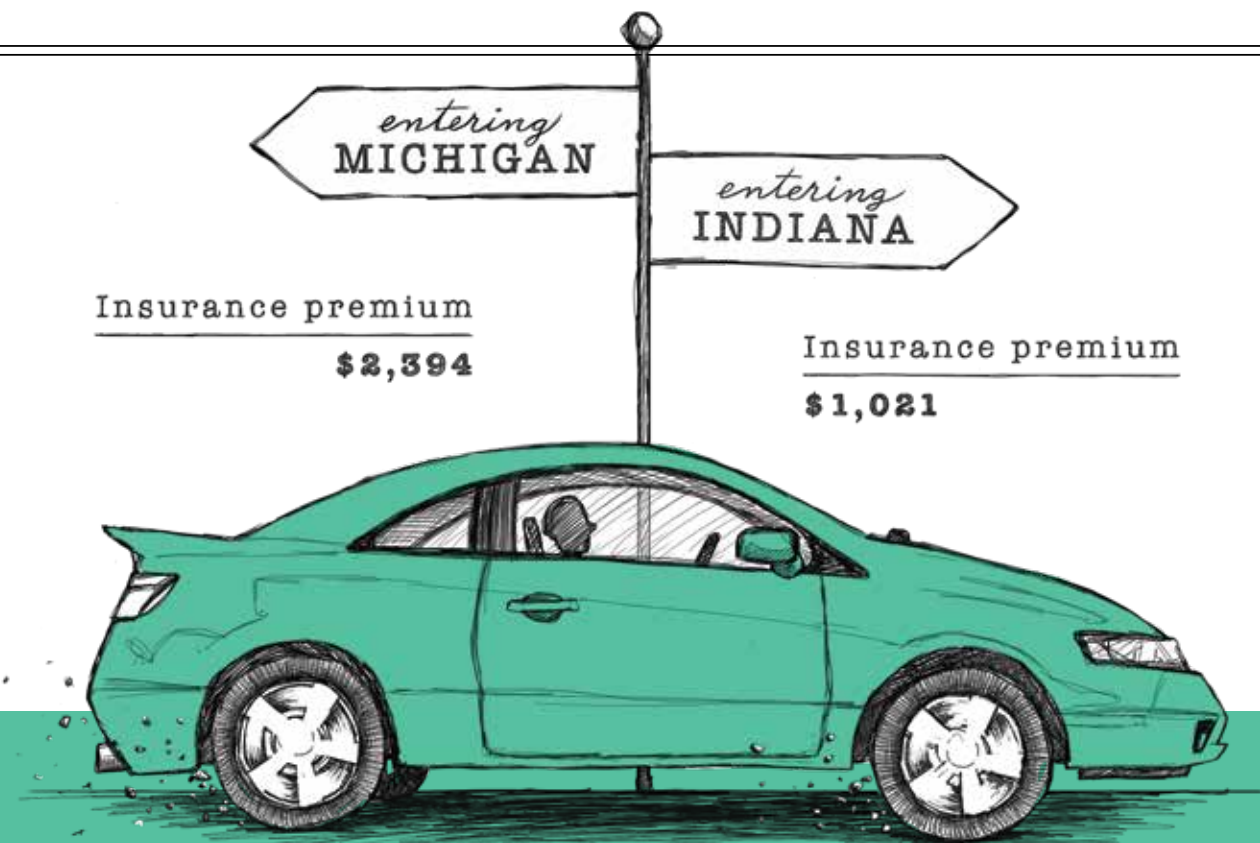
It's no secret that Michigan's no-fault auto insurance system has problems. Michigan drivers pay some of the highest insurance premiums in the country. Premiums are so costly, in fact, that an estimated one in five vehicles in Michigan is driven by an uninsured driver.

No other state in the nation requires drivers to purchase coverage that provides unlimited benefits — this despite the fact that only a tiny fraction of drivers will ever cash in on those benefits.

Even the primary purpose of using a no-fault system — reducing lawsuits and court costs — no longer holds in Michigan: Auto-related lawsuits are on the rise.

Insurance premium  
**\$2,394**

Insurance premium  
**\$1,021**



Source: Insure.com

The auto insurance reform legislation was taken up in the state House in the fall, but ultimately failed. The issue has long been at the top of the list for legislators, but no agreement has been reached yet.

The next few stories highlight just how much of a problem auto insurance is in Michigan. While it wasn't fixed this year, the fight isn't over. A change is needed.

For a viable solution and resources, visit:

**[Mackinac.org/Insurance](http://Mackinac.org/Insurance)**



## Michigan Auto Insurance Reform Would Mandate Nation's Richest Injury Coverage

*Even if bill becomes law, the state would still be highest in the country for personal injury protection*

BY STAFF

Editor's Note: This bill failed in the State House.

If a proposal in the Michigan House to reform auto insurance becomes law, vehicle owners here would be required to purchase the nation's most generous coverage for treatment of crash-related injuries.

The proposal would require motorists to buy at least \$250,000 in personal injury protection coverage, down from the current unlimited amount. It would still leave Michigan's personal injury protection mandate the highest among the 12 states

that have adopted no-fault auto insurance systems.

High-profile critics have characterized proposals to reduce the state's current mandate in stridently negative terms.

Under existing law, every Michigan vehicle owner must buy insurance that includes unlimited personal injury protection benefits. In eight of the 12 no-fault states that require personal injury protection, the minimum coverage is \$10,000 or less. After Michigan, the state with the costliest coverage mandate is New York, which requires owners to carry policies that cover at

least \$50,000 in personal injury protection expenses.

If personal injury protection and all other forms of coverage mandates are added together, then New Jersey comes in second after Michigan, with a requirement that auto insurance cover at least \$265,000 in expenses.

Michigan House Bill 5013, sponsored by Rep. Lana Theis, R-Brighton, would allow but not require vehicle owners to purchase less-than-unlimited personal injury protection coverage: either \$250,000 or \$500,000.

Some bill detractors, like Oakland County Executive L. Brooks Patterson, argue \$250,000 is not

enough to cover the severe injuries and disabilities someone may suffer in a serious crash. Consequently, he says, costs will be shifted to the taxpayers through the state-run Medicaid system. He compared the proposal to "the Great Train Robbery." Patterson was implying that insurance companies would no longer have to provide unlimited personal injury protection.

The change called for in the proposal could result in \$150 million in extra annual Medicaid costs in 10 years, according to an analysis by the House Fiscal Agency. But the summary also estimates that the legislation will save drivers

about 10 percent on their overall car insurance bills.

Theis is confident that the combination of greater consumer choice and other cost-cutting mechanisms in the legislation will cause her colleagues to support it.

"People think they're paying too much and I think they should have a choice and when I sit down with other members [of the Legislature] they agree that this is a problem and they believe people need a choice," Theis said. ■

*The original version of this story was posted online on Oct. 23, 2017 and is available at [MichCapCon.com/24078](http://MichCapCon.com/24078).*

## It's Mostly Dems Pushing Auto Insurance 'Alternative' Bills That Benefit Trial Attorneys

BY EVAN CARTER

A package of bills sponsored primarily by Republicans but with far more Democratic cosponsors and touted as an alternative to an auto insurance reform proposal supported by legislative leaders and Detroit Mayor Mike Duggan would likely raise Michigan insurance prices. That's the conclusion of the author of a recent study on the issue published by the Mackinac Center for Public Policy.

Matt Coffey, an attorney who wrote a recent study on Michigan's auto insurance system, identified a number of provisions in the alternative package that are more likely to drive rates higher. This includes making it easier for individuals and trial lawyers to sue insurance companies and collect larger damage awards. The cost of the awards then gets passed to vehicle owners in the form of higher insurance premiums.

One of the measures in the package would let courts award punitive damages against auto insurers based on potentially subjective claims of auto insurers not acting "in good faith and fair dealing." This idea has been proposed more than 20 times by legislative

Democrats since 2001. If the bill passes, auto insurers would have to prove that they dealt in good faith in case of a lawsuit.

Insurance companies say that the state insurance code already prescribes in detail the duties of insurance companies to settle claims in a prompt, fair and equitable manner.

Another provision would limit insurance companies' ability to require individuals collecting benefits to get an independent medical exam if there are reasons to believe a health care provider is billing for unnecessary medical treatments. Under House Bill 5105, auto insurers would be limited to using medical examiners who were approved by a state oversight body. The health care provider and the driver are not, by contrast, limited to who can be used as a medical examiner.

Two bills in the package would lower the "causation standard" that prevents auto insurance from being used to get treatment for conditions unrelated to a crash. For example, a driver could sue an insurer for health care payments for the rehabilitation of an injury that wasn't directly tied to the original accident.

Coffey argues that these provisions lower the barrier to lawsuits too much, and he believes drivers already have reasonable access to the courts if an auto insurance provider fails to provide benefits.

"It's easy to sue ... and there's plenty incentive to do so," he said. "The [alternative package of] bills actually makes it easier when it was already too easy with too much incentive to run to court."

Supporters of the alternative reform package including the Coalition Protecting Auto No-Fault and the Michigan Association for Justice, which represents trial attorneys. They argue that it would reduce fraud and abuse in the handling of auto insurance claims.

A press release issued by the Michigan Association for Justice makes no mention of the effect the alternative package will have on the number of auto accident-related lawsuits in the state.

House Speaker Tom Leonard and Detroit Mayor Duggan support House Bill 5013, sponsored by Rep. Lana Theis, R-Brighton. Both that bill and the alternative proposal

place caps on how much hospitals and other medical service providers can charge insurers for treating injuries sustained in vehicle crashes. Unlike the Leonard-Duggan bill, however, the alternative package contains no limits on the extent or amount of charges for long-term attendant care.

According to an analysis by Crain's Detroit Business and Bridge Magazine, the cost of treating crash victims in Michigan is over five times higher than in any other state. Crain's also reports that auto insurance companies have seen zero profits, on average, over the past 10 years.

Coffey says that if the state's problems are not addressed, they could lead to less competition and higher prices in the auto insurance market.

"Companies aren't making money on these things," he said. "If these bills (the alternative package) stay the same, I think you'll start to see companies pull out" and stop selling vehicle insurance policies here. ■

*The original version of this story was posted online on Nov. 1, 2017 and is available at [MichCapCon.com/24103](http://MichCapCon.com/24103).*

## Insurance Reform Opponents Spin 'No' Votes; Drivers Just Want Rate Relief

BY TOM GANTERT

State Rep. Andy Schor, D-Lansing, recently posted on Facebook an explanation of why he voted against a bipartisan auto insurance reform supported by Detroit Mayor Mike Duggan and Michigan House Speaker Tom Leonard. The bill was defeated last week in a 45-63 vote, but ongoing pressure to address the high cost of coverage here means the issue is not dead.

Schor said he agreed Michigan drivers "need relief from high auto insurance rates," although his explanation for voting against the bill warrants a closer look.

**Schor wrote:** "HB 5013 abandons the unlimited insurance coverage that we have been guaranteed through the no fault law."

That is inaccurate. House Bill 5013 would replace a mandate that consumers only purchase policies with unlimited coverage for injuries; it would let them choose between less coverage at a lower price or unlimited coverage. It also would let senior citizens opt out of paying for additional medical coverage in their auto insurance policy if they are already covered by a health insurer or Medicare.

**Schor wrote:** "This bill creates second-class citizens by ensuring that people who make

less will have worse insurance coverage after auto accidents."

The high cost of auto insurance here contributes to Michigan having the fourth-highest rate of uninsured drivers in the nation at 20.3 percent, according to the Insurance Research Council. One in five Michigan drivers does not carry auto insurance.

As a result, Michigan already has two classes of drivers — insured and uninsured — and the current no-fault insurance law is partially responsible. The bill supported by Duggan and Leonard would make it possible for people who can't afford any auto insurance to be covered.

**Schor wrote:** "Instead, it creates levels of insurance coverage for personal injury protection (PIP), and will have different people purchasing insurance based on how much money that they have."

Again, currently, one in five drivers in Michigan has no insurance coverage.

**Schor wrote:** "Michigan currently (and since the 1970's) has no fault insurance protections, which means that we cannot sue others if they cause accidents and create catastrophic injuries in exchange for unlimited coverage when we are injured."

Michigan drivers can still sue, and there is evidence that the number of lawsuits has

been rising sharply, contributing to the rising price of insurance. Under the bill defeated last week, Michigan drivers could still sue a negligent driver who is responsible for a crash.

**Schor wrote:** "Many need to save money and will have to choose capped premiums for lower cost and, as a result, will have very limited protections if they are in a car accident."

Schor's definition of "very limited protection" refers to what — under the bill he opposed — would still be the most generous in the country. After Michigan, the state with the highest coverage mandate is New York, which requires vehicle owners to carry policies that cover at least \$50,000 in personal injury protection expenses. Recent reports suggest that the unlimited injury coverage mandate lets hospitals and doctors extract much higher prices to treat crash victims than in other states.

HB 5013 offers drivers a choice of coverage: \$250,000, \$500,000, or, as is the case now, unlimited. Insurance companies would have to reduce the price of personal-injury protection coverage by at least 40 percent for drivers who chose the \$250,000 option.

"Claiming that Michiganders will have inadequate coverage under HB 5013 is claiming that every American has inadequate

coverage, too," said Michael Van Beek, the Mackinac Center for Public Policy's director of research, in a blog post. "It's possible that's true, but if it were, the ramifications of such a problem should have surfaced by now."

Schor's office did not respond to an email seeking comment. ■

*The original version of this story was posted online on Nov. 6, 2017 and is available at [MichCapCon.com/24116](http://MichCapCon.com/24116).*

State Rep.  
Andy Schor  
D-Lansing



## BIZARRE LICENSES

from Page One

impossible for them to reintegrate into the labor force can increase the growth rate in criminal recidivism. In the states that have both high occupational licensing barriers and punitive ‘good character’ provisions, you see a significant increase in the growth rate of re-offenses within three years — an average of over 9 percent growth in the new-crime re-offense rate, which is over three-and-a-half times the national average for the ten-year period studied.”

A new report from the Institute for Justice, a national public interest law firm, analyzes occupational licenses across the 50 states. “License to Work” ranks the states based on how restrictive they are when requiring a government permission slip for people to enter an industry. Today, more than 20 percent of Michigan workers are required to have a license.

According to IJ, Michigan is near the middle of the pack for licensing at number 30 (with one being the most restrictive and 50 being the least). But that’s a heavier burden than the rest of the Midwest. Indiana, Ohio, Illinois, Minnesota, Wisconsin, Pennsylvania and Kentucky all have lower licensing restrictions than Michigan. The IJ review focused on lower-income occupations.

“Occupational licensing limits competition, leading to higher prices and reduced access to jobs,” said Christina Walsh, director of activism and coalitions at IJ. “Reform is desperately needed, and is now being championed by a growing chorus of policymakers and scholars across the political spectrum.”

The state of Michigan requires licenses for hundreds of businesses and occupations. More than 20 percent of workers — one out of every five — must get special government permission in order to hold a job. That’s up from about 5 percent back in the 1950s, and most of the expansion in licensing is for middle- and low-income workers.

Some occupations are licensed in every state and have been for decades. For example, all 50 states license doctors, dentists, barbers, architects, nurses, optometrists, pharmacists and social workers.

But according to a national database of state licensing laws put together by the Goldwater Institute, there are many areas in which Michigan stands nearly alone in requiring a government license to work.

- **Airport manager:** There are no mandatory training hours, but the state requires an examination. No other state has this requirement.
- **Animal control officer:** Michigan requires 100 hours of training, more than any other

state. It also considers a person’s criminal background and is one of only seven that require any license.

- **Potato dealer:** The state requires no hours, but state law mandates a \$100 fee. Only two states have a similar law.
- **Forester:** Michigan’s forester regulation covers only 226 people and the law “lacks a clear scope of practice,” according to a report from the Office of Regulatory Reinvention. It appears that very few states license foresters and very few complaints about them could be found.
- **Court reporter:** The state mandates a high school degree, a training workshop, a passing score on a test and a \$65 fee. Only 13 states have this type of license.
- **Painter:** If you want to be an auto mechanic in Michigan, the state requires \$25 in fees and a repair test. But if you want to earn a living repainting old barns, the state forces you to pay \$295 in fees, pass a test, and take 60 hours of prelicensure courses. A person also has to be 18 years of age. The number of states requiring a license has gone from 10 to 28 in the past few years, but none of Michigan’s neighboring states requires this license. House Bill 4608 has been introduced to delicense painters.
- **Librarian:** People employed by a library in Michigan need a GED or high school diploma and to complete a workshop. School librarians need at least four years of school and a teaching certificate.
- **Plant grower:** According to the state, a license is required to sell biennials, small fruit plants, asparagus or rhubarb roots. There are no mandated educational hours, but the state of Michigan does mandate an inspection and more than \$150 in fees. If you have a friend or neighbor over, you can serve them plants grown in your garden. But if you sell it without a license, you’re breaking state law.
- **Butter grader:** If you want to earn a living examining butter for flavor, aroma, body or other factors, Michigan requires that you take a test and go through training. Only three states mandate a license in this area.
- **Roofer:** You don’t need a license to lay shingles in Ohio, Indiana or Wisconsin. But Michigan joins a minority of states in requiring it. Would-be roofers need 60 hours of courses, must pay nearly \$300 in fees and pass a test. Those with a criminal background face impediments.
- **Property manager:** People who oversee the leasing of property for others must have a real estate sales or brokerage license. If a person wants to be a landlord — renting out

their own property — there is no licensing, but if you hire someone to oversee your rental property, the state requires three years of experience, 90 hours of training, an exam, and hundreds of dollars in fees. A person’s criminal record can also get them denied the ability to work, in an area licensed by only four states.

- **Siding and gutters:** It’s easy to see if someone hung siding or gutters correctly, and most other states get by without mandating licensing. Michigan, though, requires hundreds of dollars in fees, 60 hours of courses, an exam, and “good moral character” of applicants.
- **Landscape architect:** From its founding until 2009, the state of Michigan survived without requiring landscape architects to hold a license. It is a “titling license,” meaning it provides specific protection to just the few people with that title in the state. The Office of Regulatory Reinvention reports that “The title protection that comes from the license of landscape architects does not provide a public health and safety benefit sufficient to warrant use of public resources to regulate them.” A proposed law, House Bill 4693, would repeal this license.
- **Floor sander:** If a Michigander wants to lay carpet or hang drywall, no license is needed. But finishing contractors — including those engaged in scraping and sanding — are forced to be licensed. Michigan is one of only nine states to require this license.

Experts say that licensing has a variety of negative effects. Research has found that it drives up costs for consumers, leads to job loss, exacerbates income inequality, and makes it more likely that ex-convicts return to prison (since it is harder for them to find work). Morris Kleiner of the University of Minnesota has said that in Michigan, licensing rules cost 125,000 jobs and \$2,700 per family annually.

Rep. Brandt Iden, a Republican from Oshtemo Township, is the chair of the House Regulatory Reform Committee. His committee has passed several bills that roll back occupational regulations, and he is looking to do more in a comprehensive manner.

“The reality is there are a lot of unnecessary regulations surrounding certain licensure,” Iden said. “I believe it is incumbent upon the Legislature to take a hard look at what is necessary for citizen safety versus what is just burdensome and excess red tape. Therefore, in the coming year, I am committed to reviewing these regulations to try and find a solution which will help grow our economy for all Michigan citizens.” ■

The original version of this story was posted online on Nov. 21, 2017 and is available at [MichCapCon.com/24148](http://MichCapCon.com/24148).

To learn more about licensing in Michigan, visit:

**Mackinac.org/  
Licensing**



**State licensing hurts Michigan residents.**

Raises prices for consumers by up to 30 percent. Costs Michigan 125,000 jobs and \$2,700 per family annually. (Source: Morris Kleiner of the University of Minnesota)

**30%** Raises prices for consumers by up to 30 percent

**-125,480** Michigan Jobs

Michigan citizens pay **\$10.4 billion** annually in higher prices

Michigan spends **\$150m+** directly licensing individual occupations

**Cosmetologist**  
1,900 hours  
1 Exam  
\$200

**Real Estate Broker**  
90 hours of education  
3 years of experience  
1 Exam  
\$383

**Nationally, licensing has grown dramatically.**  
In 2005, less than 20 percent of workers are licensed. Now about 20 percent of workers are licensed. (Source: Goldwater Institute)

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## Teachers Union Head Gets Annual \$92,000 Pension Bonus, Courtesy of Taxpayers

BY TOM GANTERT

If former MEA President Steve Cook had stayed in his job as a paraprofessional — a teacher's aide — in the Lansing School District and retired after 40 years, his annual school pension would have been an estimated \$10,784 per year. That's because under the union contract, paraprofessionals can earn up to \$20.86 an hour but may only work 25 hours a week for 174 days a school year.

But the man who would later run the state's largest teachers union left the district after 15 years and spent the 25 years gradually rising to the top position of the Michigan Education Association. In that spot, he was paid \$212,649 a year before retiring this past September.

But because of an arrangement made by the union and the Lansing School District when he left the public school in 1993, Cook was allowed to use his six-figure

MEA salary in the public school pension calculations. The MEA reimbursed the school district for its contributions to the school employee pension system on behalf of Cook. This let Cook begin collecting an annual pension of \$103,227 for the rest of his life (with cost-of-living adjustments), which is \$92,443 more each year than what someone would have received after working as a paraprofessional for 40 years.

Cook began taking the six-figure government pension in September, according to the state's Office of Retirement Services.

The MEA also operates a pension system for its employees. The union didn't respond to emails that asked whether Cook also had any pension coming from the union on top of his public school employee pension.

Cook's arrangement is one that other top officials in the union have enjoyed. The deals were made by the MEA and the public school

districts that formerly employed these union officials. Like Cook, those officials were allowed to slip their six-figure MEA pay rates into the formula used to calculate public school pension benefits — and walk into retirement with six-figure pensions.

Cook's predecessor, Iris Salters, started collecting a \$140,000 government pension in 2015 and was able to plug her \$235,447 MEA salary into the calculations for her pension from the Michigan Public School Employees Retirement System. Salters made her deal with the Kalamazoo Public Schools.

The newest batch of six-figure MEA administrators have similar deals with their school districts, too. A change in the law, however, means they won't get the same pension boost that Cook and Salters enjoy. While they can still slip their years on the MEA payroll into the formula for government pension benefits, they won't be

able to substitute their six-figure union salaries.

Cook left the Lansing School District in 1993 with 15 years of service and went to work for the MEA full-time.

Before then he was employed by the district as a paraprofessional for 15 years. Cook served as the president of the Lansing assistants union from 1981 to 1993 and became the secretary-treasurer of the MEA in 1993.

Richard Halik, who served as superintendent of Lansing Public Schools at the time Cook left for the MEA, wrote a letter to the state Senate Education Committee in 2015. In the letter, Halik said that when district officials agreed to let Cook be considered a school employee while working for the MEA, they thought the arrangement would be a short-term one.

Halik said that the district wanted a positive working relationship with

the MEA. Halik said the school district later tried to revise the deal "but to no avail."

In the letter, Halik described Cook as a "wonderful employee." He added, though, "I am against allowing employees of a private union to collect a pension based on anything but their salary at the time they served Michigan's children in our great classrooms as public school employees."

Other top executives in the Michigan Education Association have similar arrangements, according to school districts' responses to open records requests. A bill to end these pension spiking arrangements passed in the state Senate last year, but it died in the Republican-controlled House. ■

*The original version of this story was posted online on Nov. 14, 2017 and is available at [MichCapCon.com/24133](http://MichCapCon.com/24133).*

## State Spends \$660 Million In Public Debt, But For What?

BY JANELLE CAMMENGA

I knew that Michigan spent \$74,198 on a cleanup site called "Agnes Gleason #1." I knew it was located in Clare. But that was all I knew.

Ten Google searches with differing terms yielded nothing. The cleanup site did not exist on HomeFacts.com or CityData.com, real estate sites that list all brownfields in a given county. A search for "Agnes Gleason DEQ" only came up with several reports (such as this one) from the Michigan Department of Environmental Quality, but none of them included an address.

This site is just a small part of a larger issue: the lack of transparency in Michigan's Quality of Life bond issue. In the 1988 general election, Michigan voters approved Proposal C, which authorized the state to borrow \$660 million and use the money on parks and recreation and environmental cleanup projects like Agnes Gleason #1.

The worth of publicly funded programs like this one can often be evaluated by a simple question: Did it do what it set out to do? In the case of the Quality of Life bonds, that question is hard to answer, since tracking down all the project sites is almost impossible.

To find out what state park projects the bond was spent on, I started with a list of first-year Quality of Life projects obtained from Jim Blanchard's gubernatorial archives. I called 26 of the state parks on the list about the most obvious projects as a starting point. After 18 days of calling, emailing, and following up, I emailed the Senate Fiscal Agency to find out why many of the projects were never completed. A representative told me that our list was likely not final.

A month after my initial question, the agency was still not able to provide a final list of state park projects, but it was able to compile a list of local recreation projects that were also funded by Quality of Life debt.



The abandoned building that used to be Howard's Radiator in Jackson.

I turned to environmental projects, the other stated purpose for the bonds. The 2016 Environmental Cleanup Report, where I found Agnes Gleason #1, gave me a list of funded projects, along with the county they were located in as well as the amount of money spent.

Many of the project names in the DEQ list did not match the actual names of the companies and sites they were describing. Detroit Coke's real name was Allied Corporation

Detroit Coke Plant. Parcels at Poplar and 23rd street was actually named Thornapple/Tillman Parcels. While these names are similar to their official titles, the ambiguous nature of the reports made the task of connecting expectations with outcomes difficult.

One site, the Federal Avenue Bulk plant, proved just as impossible to find as Agnes Gleason #1. I went through the same channels as before, but this time I found an address for something called Fuller

Oil Bulk Plant on CityData.com. Because it was on Federal Avenue, I assumed this was the same site. When I found the address on Google maps, it was impossible to tell if it belonged to a nearby company or to several empty lots. Later, I discovered this address matched a different site on the list.

Other sites yet to be located are named things like "Dry Cleaner Former," "Dixie and Maple Roads Resident" and "Dump Near Wick Elementary School." Whoever wrote those names surely had a specific location in mind, but those names are far too general to lead me to the correct locations after so much time has passed.

If \$660 million in public funds are going to a project, the public should be able to know how those dollars are spent. The 1988 Quality of Life bond issue has a long way to go before it reaches the level of transparency the public deserves. ■

*The original version of this story was posted online on Oct. 17, 2017 and is available at [MichCapCon.com/24063](http://MichCapCon.com/24063).*

# Half Of Able-Bodied Michigan Medicaid Expansion Enrollees Don't Work

BY STAFF

When Michigan legislators voted to accept the Obamacare Medicaid expansion in 2013, it was estimated that between 450,000 and 475,000 able-bodied, childless adults earning less than 138 percent of the federal poverty level would enroll in Medicaid. The actual number turned out to be more than 600,000.

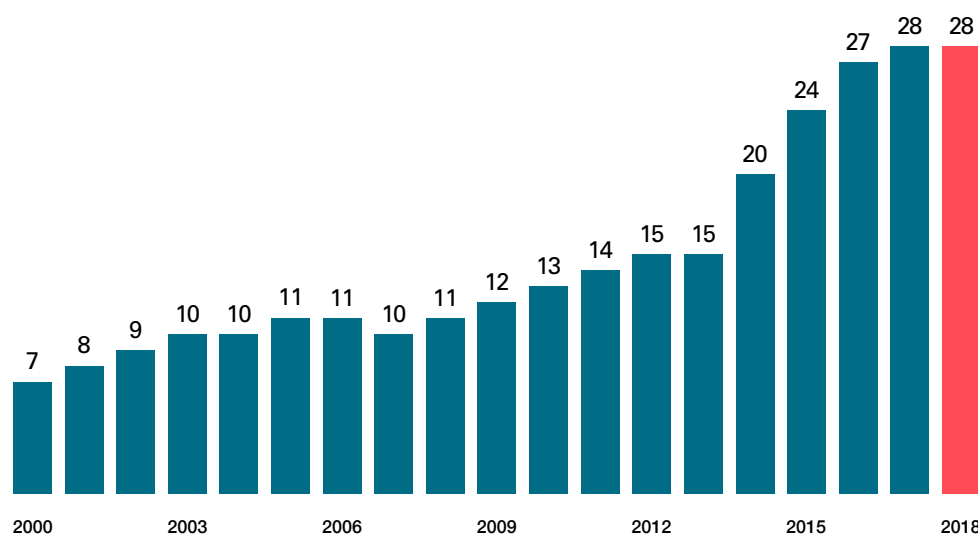
A new report from a Florida-based think tank called the Foundation for Government Accountability says that in Michigan, half the people in the able-bodied Medicaid expansion population do not work at all. Nationwide, census data show that 52 percent do not work, 32 percent work part time or part of the year, and 16 percent work full time.

Michigan's October unemployment rate of 4.5 percent meant there were 218,000 people looking for work — fewer than the number of able-bodied Medicaid expansion clients who are not working. Total Michigan employment in October was 4,641,000.

Traditionally, Medicaid has provided health care benefits for low-income mothers, children, disabled individuals and the elderly. Many of these individuals also receive or have received regular cash welfare benefits. Under reforms enacted in the 1990s, those benefits

## Able-Bodied Adult Enrollment Continues To Climb

Annual Medicaid enrollment for non-disabled adults, by fiscal year (in millions)



Source: Centers for Medicare and Medicaid Services

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have a five-year time limit and require recipients to get a job, sign up for job training, or do at least 20 hours a week of volunteer work.

In contrast, today's able-bodied medical welfare recipients are not subject to any work

requirements or limit on how long they can collect benefits.

The Florida think tank, which has praised Medicaid reform efforts, warned that Medicaid expansion fosters dependency

among the able-bodied and absorbs resources that would otherwise be available to help people who are less able to help themselves.

Here's how study author Jonathan Ingram describes the problem in this state: "In 2000, Medicaid enrollment in Michigan was 1.35 million. By 2016, it was 2.32 million. That 71 percent increase isn't without implications — it means fewer resources for critical public services and a dependency crisis for able-bodied adults."

The foundation encourages Michigan and other states to seek permission — "waivers," in the language of the federal government — from the U.S. Department of Health and Human Services that would allow them to adopt a work requirement for able-bodied Medicaid beneficiaries. At least nine states have already applied for waivers or enacted laws that will require one. They include Arkansas, Arizona, Kansas, Kentucky, Indiana, Maine, New Hampshire, Ohio and Wisconsin, with others expected to follow. ■

*The original version of this story was posted online on Nov. 16, 2017 and is available at MichCapCon.com/24138.*

# Union Labels Nonunion Employees 'Welfare Scabs' With Vulgar Photo on Company Property

BY EVAN CARTER

A union local's desire to call out fellow employees who opt out of membership may conflict with company policy, one employee says.

One wall inside the Lansing location of a logistics company contains a list of employees who aren't union members. They are called "Work Welfare Scabs."

At least one employee at the company thinks that listing the names of the 38 employees at Ryder Integrated Logistics who aren't members of UAW Local 652 constitutes bullying.

The list of employees is accompanied by the image of a smiley face giving the middle finger while holding a sign that reads "Scabs."

A truck driver at the facility, who fears retaliation and asked to remain anonymous, said posting the list of nonunion members on the back wall violates Ryder's company policy.

"Ryder needs to know about this and take action because the conduct of those doing this goes against the company policy that states the company has zero tolerance for bullying, and that includes this practice inside its property," the source said.

UAW Local 652 did not provide a statement after two phone calls requesting comment. Ryder didn't respond to an email and phone calls seeking comment. ■

*The original version of this story was posted online on Oct. 14, 2017 and is available at MichCapCon.com/24052.*



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# MSU Pulls Down Windmill Safety Guidelines After Industry Complains

BY EVAN CARTER

The Michigan State University Extension Service pulled from its website a model zoning ordinance for wind energy developments after industry executives and lobbyists complained that its safety standards would impede wind farm development.

The ordinance was contained in a pamphlet that was posted in March 2017 and pulled down later in the spring. MSU then posted a revised version on Aug. 24. The recommendations in that version would allow for turbines and their towers to be located closer to property lines, where they might have a greater effect on neighbors.

University officials pulled down the original version of the zoning recommendations after they were contacted by an attorney for the country's largest wind and solar energy company. An article posted in April on the website of a wind industry trade group described some of the original MSU recommendations as "wholly unworkable."

MSU's actions come as developers seek to cash in on a mandate imposed by the Legislature in 2016, which has led to conflicts in Michigan communities targeted for wind

farm development. The new law increases by 50 percent the amount of renewable energy that utilities must use, which in Michigan means more wind turbines.

In May, voters in Huron County defeated permissive windmill zoning proposals by a vote of nearly two to one. Residents in Isabella County have complained about conflicts of interest involving zoning officials who stand to receive thousand of dollars in annual tower lease income and are now considering permissive zoning amendments related to wind farms.

Similar stories are coming out of other communities targeted for industrial wind farm developments covering tens of thousands of acres.

The original MSU Extension Service pamphlet released March 6 was written by staff member Kurt Schindler and reviewed by Brad Neumann, also on the MSU staff. Their work was reviewed by Richard Wilson, an attorney who represented Consumers Energy, a major player in the expansion of wind farm developments in Michigan.

The original version recommended that wind turbines and towers have a 2,500-foot

property line setback. The recommended setbacks in the revised version are less than half this distance, potentially allowing spinning turbine blades in greater proximity to neighbors' homes.

MSU spokesman Jason Cody said the example cited in the original document could be misinterpreted as a recommendation rather than a discussion point, which was the author's intention.

The revised pamphlet also allows for much louder turbine operations. The extension service originally recommended that the "sound pressure level shall not exceed 40 dB (A) measured at the property lines or the lease unit boundary." The revised version suggests that local governments allow wind farms to operate at up to 55 decibels. It also uses a more lenient measurement method that allows this noise level as close as 100 feet from a dwelling.

In a May 22 email to Neumann, Matthew Wagner, a manager of renewable energy developments for the utility company DTE, blasted the noise standards in the original pamphlet.

"In light of our questions in this matter, we asked our own expert on acoustics to weigh in," Wagner said. "His review of only the acoustical aspects of this document indicates there are serious flaws with the MSU Extension document's content — and call into question the document's validity on the whole."

According to Neumann, the original document was removed from the MSU website because some at MSU believed it needed more technical accuracy and that it was being misinterpreted.

On April 19, Neumann and Schindler received an email from David Ivan, who works at another arm of the MSU Extension called the Greening Michigan Institute. Ivan announced that he had asked that the original version of the study be pulled from the website until "we have a chance to add some of those qualifies [sic] we discussed."

According to Ivan, he discussed the pamphlet with an attorney representing

Florida-based NextEra Energy, one of the nation's largest wind farm developers. The company is heavily involved in the current Michigan wind farm expansion. Ivan wrote in an email to Neumann that he told the attorney "that we will certainly listen to their perspective but that does not guarantee that some, or any, of their concerns will be incorporated in the edits."

On April 20, Schindler sent an email to his MSU colleagues; he said he was surprised that the document was being questioned by wind industry interests.

"Actually I expected to hear from the anti-wind energy folks," Schindler said in the email. "The industry is not whom I expected to hear from since they had such a large role in the development of the sample zoning in the first place."

One local government official suspects that the original study was pulled down due to industry pressure.

"Kurt presented this very 'article' to us in a public meeting in Sanilac County a few weeks ago," Bridgehampton Township Supervisor Leo Sonck wrote. "His 'article' was very clear, and for once the recommendations or suggestions were actually in line with doing what is right for everyone, not just for the [wind energy] developers."

The MSU Extension Service is an arm of MSU that "identifies and solves farm, home, and community problems through the practical application of research findings." Lawmakers approved a \$29.2 million appropriation for it in the current state budget, a 2 percent increase over the previous year.

The emails used in this story were received in response a Freedom of Information Act request submitted to MSU by Mason County Planning Commissioner Cary Shindeldecker. ■

*The original version of this story was posted online on Oct. 9, 2017 and is available at [MichCapCon.com/24043](http://MichCapCon.com/24043).*



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## Ethnic Mascots

from Page One

would have to get permission from a racial or ethnic organization or group “that the state board and Department of Civil Rights considers appropriate.”

The bill not only addresses school mascots and logos but also any nicknames, slogans, chants, songs or “other formal or informal auditory practice.”

Sen. Ian Conyers, D-Detroit, introduced the bill. He said the state should move past a time when school mascots were named after racial or ethnic groups.

“[The bill] is just for each community to have those conversations and if there’s something particularly offensive, we have to get rid of it,” Conyers said. “Looking forward, we’re realizing that there are still some remnants of incorrect thinking.”

He also believes the practice of using racial or ethnic terms or images could have a financial impact on the state. He said he’s worried that companies looking to relocate to Michigan might be turned off by school mascots they consider to be insensitive.

Michigan Capitol Confidential asked Conyers if he believed banning any school mascot which the state believed to be “race- or ethnicity-based” casts too broad a net. He

said his hope was to get the ball rolling on the issue.

Conyers said he is building on a state board resolution from 2003 that “strongly recommends the elimination of American Indian mascots, nicknames, logos, fight songs, insignias, antics, and team descriptors by all Michigan schools.” In 2013, the Michigan Department of Civil Rights filed a complaint with the federal government, attempting to prevent districts from using American Indian mascots.

The bill goes beyond the controversy over teams with names like “Redskins” or “Braves,” however. It also could potentially force schools with names like “Vikings,”

“Highlanders” or “Flying Dutchman” to change their branding.

Senate Bill 646 was referred to the Senate Education Committee. Sen. Phil Pavlov, R-St. Clair, who chairs the committee, did not reply to an email and a phone call to his office seeking comment.

Earlier this year, Sen. Wayne Schmidt, R-Traverse City, introduced a bill that would prohibit public schools from naming themselves or their teams the “Redskins.” ■

*The original version of this story was posted online on Nov. 7, 2017 and is available at [MichCapCon.com/24120](http://MichCapCon.com/24120).*

## State of Michigan To Restrict Union ‘Ghost Workers’

BY EVAN CARTER

The Michigan Civil Service Commission recently voted to restrict a practice called “union release time” that allows state employees who are union stewards to do union work on state time.

The new rules will prohibit the unions and the state from negotiating over how many employees will be granted this privilege. Instead, the commission will grant it to just one individual from each of the unions that represent state employees.

Come 2019, then, the state will no longer spend over \$1 million each year for more than 30 state employees to spend some or all of their time on the job doing union work, according to some reports.

Currently, Michigan is paying 20 state employees annual salaries totaling more than \$1.2 million to do union work on a full-time basis. Some other employees receive partial union release time. The information came from an open records request to the Michigan

Civil Service Commission. The commission confirmed in an email that the unions don’t reimburse the state for these costs.

For example, Edward Mitchell and Randall Brown will each collect a state salary of \$76,608 a year to spend 100 percent of their time doing union work, according to data obtained through an open records request.

According to Mackinac Center Legal Foundation Senior Attorney Derk Wilcox, union leave time has always been a dubious practice.

“The courts have ruled that the state employer cannot control the activities of the employees when they are on union leave, and it should never be the case that the taxpayers have to pay for employees to do unions’ job instead of the public’s work that they are paid to do,” Wilcox said.

Wilcox explained that the new rules substantially curtail paid union leave by removing it as an option for union collective bargaining negotiations with the state.

In an interview with MLive, AFSCME Council 25 Secretary-Treasurer Larry Roehrig opposed the new rules and said unions should be treated as partners, not just subjected to top-down decisions from the commission.

“We do make a difference and we are still relevant in this relationship. Don’t slam our fingers in the door, we’re trying to hold it open for you,” Roehrig said.

The Office of State Employer, which oversees collective bargaining for the state, declined a request to comment.

About 70 Michigan school districts also employ around 100 officials released from working for taxpayers to work for the union. Critics refer to these as “ghost workers.” A bill to end the practice died in the GOP-controlled state House last year and has not been taken back up. ■

*The original version of this story was posted online on Oct. 16, 2017 and is available at [MichCapCon.com/24066](http://MichCapCon.com/24066).*



## State’s Largest Teachers Union Offloads Some Pension Obligations Onto Taxpayers

BY TOM GANTERT

Faced with skyrocketing financial liabilities, the Michigan Education Association has discovered a way to shift some of the burden of providing pensions for its top executives to taxpayers. Moreover, it’s a pension-spiking scheme that has been approved by both the state Legislature and some elected local school boards.

The state’s largest teachers union has seen the unfunded liability in a pension system it runs for its own employees grow from \$120.7 million in 2010 to \$130.3 million in 2016.

It would probably be more if the MEA had not worked out a scheme with some school districts that allows some of its top executives — including the current president and three of her predecessors — to retain their status as public school employees, even while doing full-time union work. This has allowed these union officials to continue to accrue pension credits with Michigan’s public school retirement system, meaning they get larger government pension payouts when they retire.

The MEA reimburses the school districts that employed these officials for the

contributions made on their behalf to the state-run system. But persistent underfunding of the state system has meant that the school districts’ contributions and the union’s reimbursements for them were inadequate, placing taxpayers on the hook for the shortfall.

As of 2016, the Michigan Public School Employees Retirement System was \$29.1 billion short of the amount its own actuaries say it should have to pay retiree benefits. For many years, state officials have failed to contribute the amounts needed for the system to cover its obligation to provide the pension benefits owed to school employees. This year,

state taxpayers are paying \$2 billion just to make up for the past underfunding.

The unfunded liability in the MEA’s own retirement system suggests a similar pattern of underfunding. In its annual audit, the MEA said it provides a defined benefit pension plan to virtually all of its employees. The MEA also offers a 401(k)-type plan but doesn’t match employee contributions.

The MEA didn’t respond to emails seeking comment. ■

*The original version of this story was posted online on Oct. 26, 2017 and is available at [MichCapCon.com/24088](http://MichCapCon.com/24088).*

## FORtheRECORD

### Which Special Interest Is Raking In Big Profits On Michigan Auto Insurance?

The Michigan Health and Hospital Association recently released two video advertisements aimed at drivers, encouraging them to contact their state representatives to oppose an auto insurance reform bill currently pushed by House leaders and Detroit Mayor Mike Duggan.

One of the ads generally addresses the potential effects of auto insurance reform for all drivers, while the other focuses on its potential effects on seniors.

Both ads claim that House Bill 5013 would result in higher profits for insurance companies while threatening drivers' access to health care.

"Call your state representative. Tell them to protect care for accident victims, not profits for insurers," one of the ads says.

**FORtheRECORD** says: The ads imply that Michigan auto insurers make big profits, which does not appear to be the case.

According to an analysis by Crain's Detroit Business and Bridge Magazine, the insurance industry in Michigan has averaged a loss of 2.9 percent on auto insurance over a 10-year period. Auto insurance has only been profitable for only three of the 10 years between 2005 and 2014, and the profits were low.

The current reform bill being proposed by House Republicans and Mayor Duggan

contains no secret provisions that would be overly favorable to insurance companies. In fact, the legislation would require insurers to reduce the price of the personal injury protection portion of car insurance bills for at least five years.

Insurance providers support a measure in the legislation that would allow them to provide personal injury coverage of \$250,000 and \$500,000 as well as an unlimited amount. Under current law, all personal injury protection coverage must give unlimited protection. Despite what is implied in the ads, drivers would still have the option to purchase policies with unlimited personal injury protection.

Other provisions in the bill would limit how much hospitals, doctors and other medical service providers could charge when they treat crash victims. The same Crain's/Bridge Magazine analysis reported that the lack of limits on these charges as well as court rulings that have made it easier to sue have driven the cost of the average crash injury claim in Michigan to more than \$75,000. That is more than five times higher than the price in the next most expensive state. ■

*The original version of this story was posted online on Nov. 3, 2017 and is available at [MichCapCon.com/24111](http://MichCapCon.com/24111).*

### Fire Chief Calls City's \$92 Million Pension Debt 'Responsible'

On Tuesday, Midland Fire Chief Chris Coughlin testified before legislative committees in the state House and Senate against legislation requiring local governments to pre-fund retirement benefits they have promised to their employees. He argued that the proposal intrudes too deeply into the affairs of local governments.

Coughlin said he was speaking on behalf of a coalition of 30,000 Michigan fire and police employees, plus attorneys within the offices of county prosecutors as well as government employee unions.

In his testimony to the Senate Committee on Michigan Competitiveness, Coughlin said the city of Midland is responsible about funding the retirement benefits it has promised to employees.

**FORtheRECORD** says: Coughlin appears to have a strained definition of what constitutes a "responsible job of funding its pension liabilities."

According to the city's 2016 annual financial report, the city's police and fire pension fund has only 71 percent of the amount it should have to pay future benefits. The pension fund for other city employees has just 58 percent of the amount that actuaries project is needed, according to the latest report from the entity that administers Midland's retirement system.

The total amount of Midland's pension underfunding is \$92.9 million, and it represents 70 percent of the total long-term

debt owed by the city, which is \$132.3 million. To place those figures in context, Midland's total spending was \$83.0 million in 2016, of which \$19.1 million was for public safety.

In an interview with Michigan Capitol Confidential, Coughlin said he considers the 71 percent funding level for fire and police pensions to be responsible, since Midland has been paying down its pension liability in recent years.

"I say that is a responsible amount and has improved in past years," Coughlin said.

But based on annual financial reports for the past few years, Midland appears to be losing ground, not gaining it.

According to Midland's 2015 comprehensive annual financial report, pensions for Midland police and fire employees were 77 percent funded in that year. The 2014 report showed the pension fund held 79 percent of the amount it should have to meet its promises.

And those higher funding levels in recent years are down dramatically from 2003, when the system was funded at 103 percent, and 2004, when the pension fund held slightly less than 100 percent of the amount it should have. The 2008-09 market crash and other factors drove down the value of Midland's pension fund investments to a low point of just 69 percent funded at the end of 2011. ■

*The original version of this story was posted online on Dec. 7, 2017 and is available at [MichCapCon.com/24181](http://MichCapCon.com/24181).*

### Forfeiture From People Not Convicted of a Crime in Michigan Isn't 'Rare'

State Rep. Pete Lucido, R-Shelby Township, wants to require a conviction before property can be transferred from individuals to the government via a process known as civil asset forfeiture. MIRS News recently featured a dispute between Lucido and the Michigan State Police, which believes that it should be allowed to keep the property of people who are not convicted of a crime.

"I know that Rep. Lucido makes some assertions of police overreach but, while I'm not going to deny those, I would say that those are exceedingly rare," said Sgt. Tim Fitzgerald, who works on legislative issues for the state police.

**FORtheRECORD** says: In 2016, Michigan law enforcement agencies forfeited \$15 million in cash, 2,037 vehicles and

eight homes from 5,205 people. Ten percent of the people whose property was taken and given to the government were not charged with a crime and only 48 percent were convicted of a crime before they lost the right to their property.

This information is according to a transparency report filed this year and gathered by the Michigan State Police. People can decide for themselves whether that is an overreach, but it's certainly not rare.

Ten percent of the people in Michigan who had property seized by and then forfeited to the police in 2016 were not charged with a crime. ■

*The original version of this story was posted online on Nov. 11, 2017 and is available at [MichCapCon.com/24130](http://MichCapCon.com/24130).*



## Iron Mountain Schools Draws Flak for Novel Homeschool Co-op

BY EVAN CARTER

A school district near the Michigan-Wisconsin border in the Upper Peninsula is getting pushback over the structure and funding of a co-op it runs with some homeschool families in the area.

The resistance is coming from other schools in its area. The co-op offers virtual courses on subjects like Spanish, cooking and gymnastics, but also offers regular off-campus activities that allow local experts, who aren't necessarily licensed teachers, to give hands-on instruction.

The homeschool co-op not only provides classes to homeschool families, but Iron Mountain also receives partial per pupil funding from the state for each student who takes an online course. It is currently working to reduce more than \$427,000 in debt.

Allowing homeschool students to take noncore classes at public schools — subjects other than science, math, language arts and social studies classes — is not new for Michigan public schools. But the practice of offering regular off-campus activities that are connected to the class differs from what has typically been offered before.

Ben DeGrow, director of education policy at the Mackinac Center for Public Policy, said he sees these types of partnerships as a positive development that provides



families a wider range of options to help children succeed.

“More and more Michigan parents are being drawn to these homeschool partnerships as a way to enhance their ability to customize their children’s learning,” DeGrow said. “Districts that embrace the partnership model get the opportunity to learn innovative approaches that help them serve all students better.”

Opponents of this type of homeschool co-op claim Iron Mountain is skirting the rules set up to govern programs offered by school districts to nontraditional students. Since the Iron Mountain school district offers off-campus activities connected to the classes during the school day, some opponents, like Craig Allen, superintendent

of Breitung Township Schools, say the programs aren't truly available to all students.

Allen said he isn't opposed to public school co-ops with homeschool families in general. But he doesn't agree with how Iron Mountain's co-op is set up.

“This new-wave homeschool partnership is to offer classes for homeschool students and to offer classes in a segregated way. I don't think it's a fair way of doing it and traditionally not what shared time was about,” Allen said.

In an interview with Michigan Capitol Confidential, Iron Mountain Superintendent Raphael Rittenhouse defended his school district's program, saying that conventional public school students can set up their

schedules so they can attend the off-campus activities.

According to Rittenhouse, the real disagreement between his school district and the surrounding ones is Iron Mountain's frequent use of off-campus activities, which he believes have made them popular with homeschool families.

Offering online courses or even allowing homeschool students to take noncore classes at their local public school is not uncommon.

“Everybody is using the same resources that are available to run school districts,” Rittenhouse said. “There's nothing being done here in Iron Mountain that isn't being done somewhere else. This is a question of scale.”

Emelie Fairchild has six children who range from kindergarten to high school in the co-op program, where she helps teach Spanish. Fairchild appreciates the extra hands-on learning experiences the co-op provides for her children, not only for the educational value but also because her children can make friends with other kids their age.

“My kids would probably tell you that, that is the most fun part of the class,” Fairchild said. “The [hands-on activities] are the bonus and that's the most fun part of the class.” ■

*The original version of this story was posted online on Nov. 15, 2017 and is available at [MichCapCon.com/24135](http://MichCapCon.com/24135)*

## The Highest-Paid Employees in Michigan's State Government

BY EVAN CARTER

The top salary for an employee in Michigan state government in 2017 was \$377,137, according to the Michigan Civil Service Commission.

That salary, which doesn't include the cost of benefits, was earned by Jon Braeutigam, the top investment officer for the Department of Treasury's Central Payroll Agency, which handles the investments of the state's employee retirement funds. The next three highest salaries — \$329,600, \$254,705 and \$254,700 — were also earned by Central Payroll employees.

The fifth-, sixth-, seventh- and eighth-highest salaries were earned by senior executive psychiatric directors in the Michigan Department of Health and Human Services. Those four salaries ranged from \$239,269 to \$234,588 this year.

For reasons of personal safety, state documents don't include the names of two of the psychiatric directors.

The ninth-highest salary was earned by the state's public school superintendent, Brian Whiston, at \$206,040 a year. The tenth-highest salary was earned by the senior investment manager of the payroll agency, Brian Liikala.

According to state records, the 100th-highest salary for state employees in Michigan was \$165,000 in 2017.

Some other state employees earning a top-100 salary include the director of the Michigan Department of Health and Human Services, Nick Lyon, at \$175,000, State Treasurer Nick Khouri at \$174,204 and State Police Chief Kriste Etue at \$165,000. The governor's salary is set at \$159,300. ■

*The original version of this story was posted online on Dec. 2, 2017 and is available at [MichCapCon.com/24164](http://MichCapCon.com/24164).*

### Top 10 Salaries In Michigan's Executive Department

Employee Name	Salary	Agency	Position
1. Jon Braeutigam	\$377,137	Treasury Central Payroll	Senior Chief Investment Officer
2. Robert Brackenbury	\$329,600	Treasury Central Payroll	Senior Deputy Chief Investment Officer
3. Gregory Parker	\$254,705	Treasury Central Payroll	Senior Director of Investments
4. James Elkins	\$254,705	Treasury Central Payroll	Senior Director of Investments
5. George Mellos	\$239,269	MCHHS-Hawthorn Center Northville	Senior Executive Psychiatric Director
6. Name Withheld	\$239,269	MDHHS-Center Forensic Psychiatry	Senior Executive Psychiatric Director
7. Hanumaiah Bandla	\$234,588	MDHHS-Walter P. Reuther Psychiatric Hospital	Senior Executive Psychiatric Director
8. Name Withheld	\$234,588	MDHHS-Center Forensic Psychiatry	Senior Executive Psychiatric Director
9. Brian Whiston	\$206,040	Education	Superintendent of Public Instruction
10. Brian Liikala	\$192,394	Treasury Central Payroll	Senior Investment Manager

Source: Michigan Civil Service Commission

[mackinac.org](http://mackinac.org)

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See what most Michigan public employees earn at:  
**MichiganGovernmentSalaries.com**

# Michigan's Largest Teachers Union Has Lost 25 Percent of Its Members

BY TOM GANTERT  
AND EVAN CARTER

In a 2013 video, Steve Cook, then president of the Michigan Education Association, was asked what he expected for the union's membership numbers under the right-to-work law just going into effect then.

Cook said he wouldn't be surprised if his union lost no members.

When asked what his worst fear was about the new law he said, "Worst fear — thousands. That's everybody's worst fear."

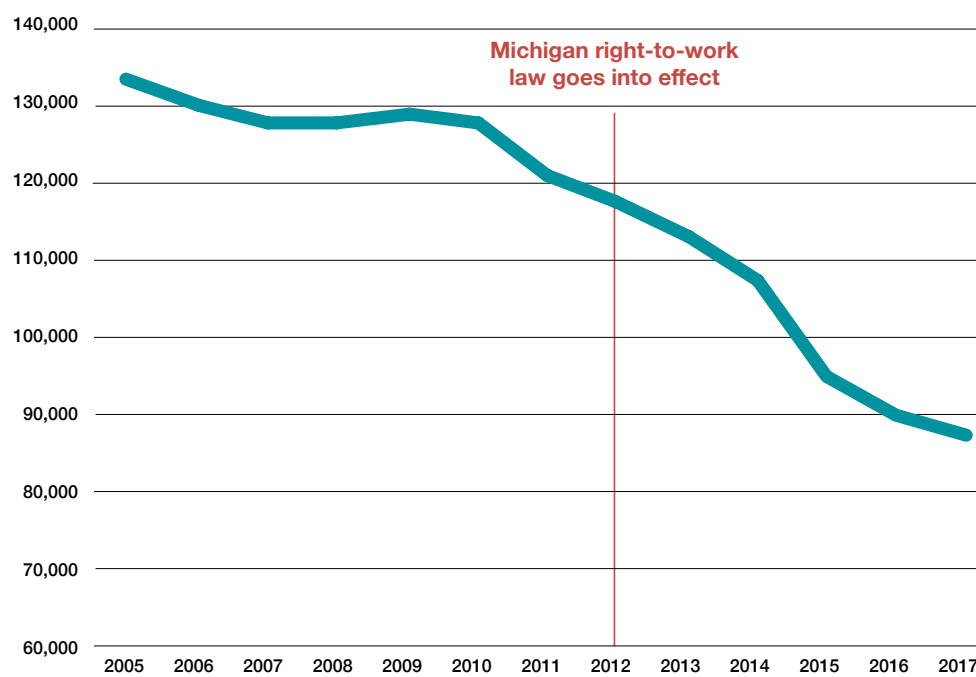
Right-to-work means employers cannot require employees to pay union dues as a condition of employment. Four years after this policy became law in Michigan, the MEA has lost 27,609 dues-paying members, according to the most recent union filings with the U.S. Labor Department, released this week.

The MEA has experienced steep membership declines each year since the law was enacted in 2012. Active membership is down 25 percent since right-to-work became law.

MEA Spokesman Doug Pratt didn't reply to an email seeking comment.

The MEA has 87,628 active members in 2017, which includes 67,876 teachers and 19,752 education support personnel. This

## Michigan Education Association Union Members



Source: Annual LM-2 report

mackinac.org

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is down from 117,265 active members in 2012.

The decline in the number of teachers paying union dues is far larger than the

modest drop in the total number of Michigan public school teachers, which has accompanied a decline in the number of public school students. Michigan has

95,001 public school teachers in 2017, compared to 98,006 in 2012.

The drop in dues-paying school employees is also steeper than a modest decline in the total number of full-time employees in Michigan public schools, including teachers, support personnel and administrators. Michigan public schools had 192,881 full-time positions in 2017, down from 196,965 in 2012.

Though Michigan's right-to-work law was enacted in December 2012, it did not become effective until the end of March 2013. Even then, it did not apply to employees who were covered by a collective bargaining agreement until that contract expired. Before the law's effective date, many local school boards went along with the union in signing long-term contracts that meant employees would have to keep paying dues — sometimes for another 10 years.

The contract extensions have been challenged in court and the Michigan Supreme Court recently upheld a Court of Appeals judgement that a 10-year extension is invalid. It is likely that the number of dues-paying MEA members would have fallen further without this device. ■

*The original version of this story was posted online on Dec. 1, 2017 and is available at MichCapCon.com/24165.*

# Another Local Politician Violates Election Law, Sanctions Again Unlikely

BY TOM GANTERT

The city of Fraser appears to have violated state election law by allowing a city council member to post a plea on its website urging residents to vote yes on a 3-mill property tax increase styled as a public safety special assessment.

The proposal failed Nov. 7 by a 56-43 percent margin. There were 2,280 "no" votes to 1,730 "yes" votes.

On the city webpage that describes her as a council member, Kathy Blanke posted:

Hello all Fraser Residents,

Next week we vote on Tuesday, November 7. Please vote yes for PA 33. Say YES to the future of Fraser. Say YES to continue our stellar Police, Fire, Ambulance, Paramedics and quick response time. Say YES to Recreation. Say YES to DPW services, Say YES to our City we love and want to keep in tact. Without the passage of this ballot — we will put Fraser in harms way.

According to state law, "A public official may not use public resources to disseminate an opinion with express advocacy that would be considered a violation of the [Michigan Campaign Finance Act] such as mass email. A public body may not create and maintain links to web sites that expressly support or oppose candidates or ballot questions if the body does so for the purpose of influencing the outcome of an election."

The state has defined "express advocacy" as literally saying "vote yes" or "vote for."

Blanke and Fraser City Manager Wayne O'Neal didn't respond to emails seeking comment.

Former state Rep. Leon Drolet, now chair of the Michigan Taxpayers Alliance, filed a complaint with the Secretary of State's office.

Although there have been many examples of schools and local governments electioneering for tax increases in recent years, the Michigan Secretary of State seldom fines municipalities for violating the



Kathy Blanke Photo via the city of Fraser.

promoting their interests using tax dollars," Drolet said. "This is just one example and a blatant one."

Drolet said few bother to file formal complaints with the state because there are seldom consequences to breaking the law. Drolet said the process can take months to be resolved.

The state rarely imposes fines — of \$100 — for violations of the law. If it had passed, Fraser's public safety millage would have generated \$1.1 million in new revenue.

"The system is set up to incentivize public officials to violate the law," Drolet said.

The Fraser proposal would have imposed an additional 3 mill levy on city property owners. A year ago Fraser voters defeated a similar proposal. ■

law. The position of its elections bureau is that the law requires that it first try to work out an informal resolution to complaints.

"Elected officials in government violate the law far too often when it comes to

*The original version of this story was posted online on Nov. 9, 2017 and is available at MichCapCon.com/24126.*

# I'M JUST A BILL

## Michigan<sup>✓</sup>votes.org

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

House Joint Resolution Q

### **Propose a part time legislature**

Introduced by Rep. Tom Barrett (R)

To place before voters in the next general election a constitutional amendment that would limit annual legislative sessions to 90 days. Since 2001 more than 20 part time legislature proposals have been introduced. This one would establish weekend sessions once a month plus two-week legislative sessions twice a year. Referred to committee, no further action at this time.

House Joint Resolution R

### **Replace House and Senate with unicameral legislature**

Introduced by Rep. Jeff Yaroch (R)

To place before voters in the next general election a Constitutional amendment to establish a nonpartisan unicameral legislature (instead of a separate House and Senate) with 110 districts apportioned on the basis of formulas specified in the resolution. Legislators would have four year terms and term limits would be repealed. Voters would no longer see a party designation after legislative candidates' names on ballot. Referred to committee, no further action at this time.

Senate Bill 584

### **Expand concealed pistol "no-carry zone" exemptions**

Introduced by Sen. Arlan Meekhof (R)

To authorize an exemption from the "no-carry zone" restrictions in the law authorizing shall-issue concealed pistol licenses, if a licensee gets extra training. No-carry zones include schools, day care facilities, sports stadiums or arenas, bars, bar/restaurants, places of worship, college and university dorms and classrooms, hospitals, casinos, large entertainment facilities and courts. Under the bill private property owners, colleges and universities could still ban guns, schools could prohibit teachers and staff from carrying guns, and licensees could not openly carry a gun in a no-carry zone.

House Bill 4500

### **Define fetus as "person" in criminal sentencing**

Introduced by Rep. Pamela Hornberger (R)

To revise a provision of the state's criminal sentencing guidelines that includes the number of actual or potential victims among the factors on which sentences for violent crimes are assessed. The bill would define an embryo or fetus as a "person" and a victim for purposes of this provision.

House Bill 5013

### **Adopt auto insurance reforms and price controls**

Introduced by Rep. Lana Theis (R)

To allow vehicle owners to purchase auto insurance policies with personal injury protection (PIP) coverage below the currently mandated unlimited coverage; cap the amount that hospitals, doctors and long-term care providers could charge to treat people injured in crashes; and more. Among other things the bill would require insurance companies to lower rates if these provisions lowered the cost of treating crash victims, which reportedly are much higher in Michigan than any other state.

House Bill 5040

### **"Bad driver tax" repeal and amnesty**

Introduced by Rep. Lee Chatfield (R)

To repeal the "driver responsibility fees" that are assessed for various violations, effective Sept. 30, 2018. The bill would also clear any outstanding liability an individual may have to pay these fees. These very expensive fees were originally adopted in 2003 to increase state revenue collections. The Senate has passed a repeal that only clears liabilities older than six years.