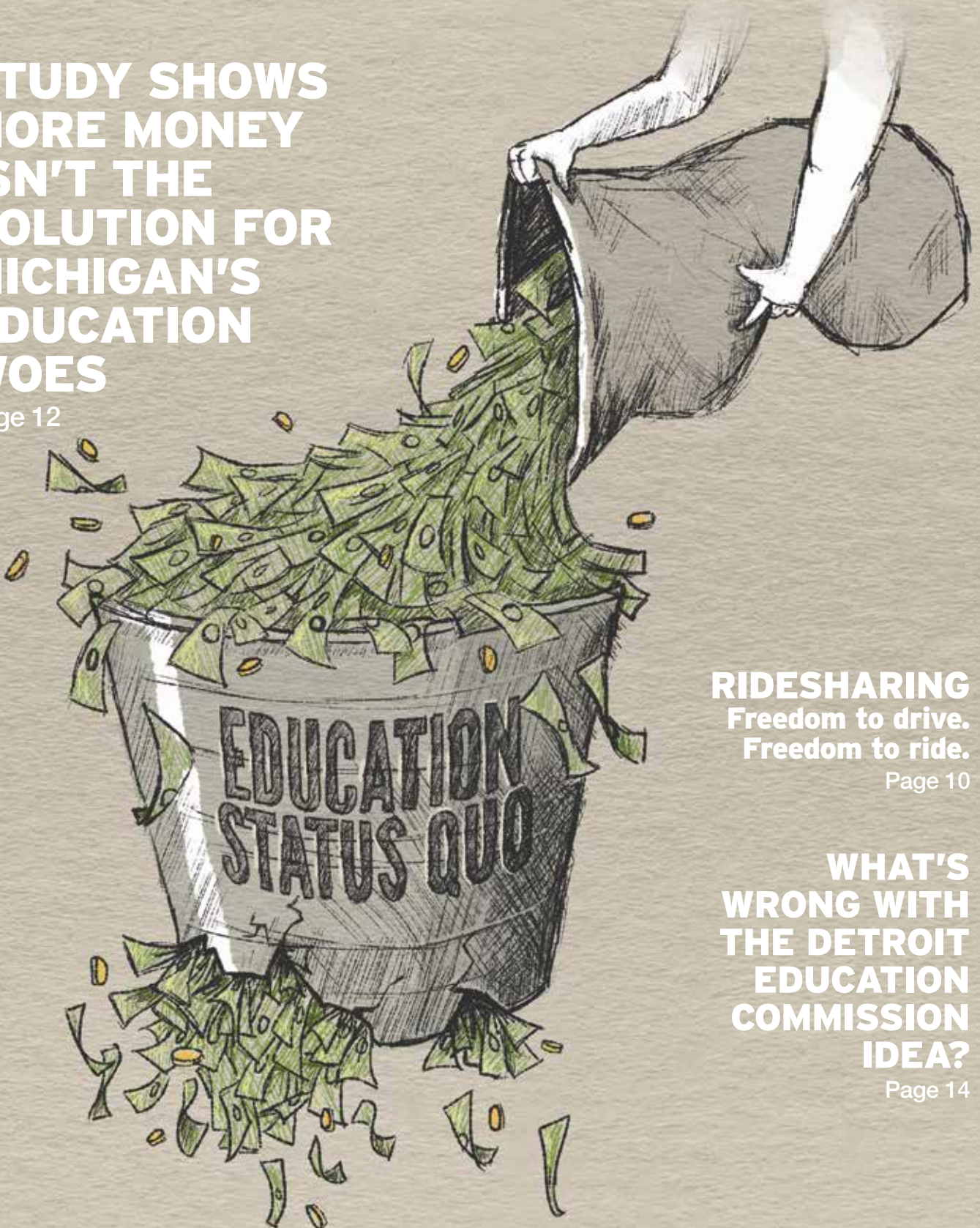


IMPACT

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RIDESHARING

Freedom to drive.
Freedom to ride.

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WHAT'S WRONG WITH THE DETROIT EDUCATION COMMISSION IDEA?

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VOTESPOTTER™

Coming to a screen near you

You've asked and we've answered: VoteSpotter will soon be available on your desktop and laptop computers!

Over the past year, the VoteSpotter team has received overwhelming feedback from our users requesting that they be able to access VoteSpotter's plain-English, nuts-and-bolts vote descriptions on their computers. Whether you hate reading on smaller screens, spend most of your day working on a desktop, live in a remote area or simply do not own a smartphone, we understand that you want a wider variety of options to use VoteSpotter to hold your elected officials accountable.

This summer, VoteSpotter will release a web-based version, plus major improvements to our iOS and Android smartphone apps. This web version will let you sign up for access without having to download the app. You will also receive the same features our smartphone users know and love, like overall

comparisons of how often you agree or disagree with your elected officials, the ability to contact them quickly and directly about legislation and the option to share your views through social media. And, if you do choose to download the app, your votes and engagements will follow you from device to device.

Until then – and even after the new versions come out – be sure to check out VoteSpotter's Facebook and Twitter feed, where we regularly post timely and relevant information about public policy that affects your daily life. Here too you can engage, by responding to poll questions, participating in discussions and sharing important issues with your friends.

We look forward to continually finding new and better ways for you to engage with politics and policy, as well as directly with your elected officials in the months ahead. ■



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 **GENEVA RUPPERT RECOMMENDS "POVERTY, INC."**

In recent years, the meaning of charity and the best ways to help the less fortunate have been subject to some re-evaluation. The top-down approach to war on starvation and extreme poverty has been waged for decades without making any real progress. The documentary *Poverty, Inc.* explains why: Lifting people out of dire circumstances requires empowering them, not supplying handouts. As it discusses everything from Toms Shoes to American rice subsidies, *Poverty, Inc.* gives a thought-provoking, eye-opening look at the true causes and effects of global poverty. Read more about it on page 7, or better yet, watch the movie. It's available on iTunes and Amazon.



Blog

Keep up to date on the latest policy stories from Mackinac Center analysts.

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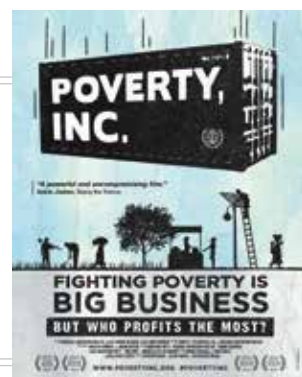
Mackinac.org/databases



WHAT FOLKS ARE SAYING ABOUT THE MACKINAC CENTER

"I want to ... thank the Mackinac Center for being the tremendous resource that you are, and I look forward to working with you as we go forward."

— Rep. Kevin Cotter (R-Mt. Pleasant), Michigan House Speaker



*Joseph G. Lehman*

I Don't Know My Country Anymore

A sort of bewildered malaise has settled over some parts of the free-market movement. It's the kind of thing that certain types of optimists would like to ignore, but realists treat it much differently. They lean in to learn what is happening, why, and what to do about it.

Its proximate cause is the Republican presidential nomination of Donald Trump, but it may have emerged after the 2012 national election. President Obama's re-election disappointed many Mackinac Center supporters because it meant collectivist policies would continue to enjoy Oval Office support. But some of our friends articulated unease beyond displeasure with policy.

To combine and compress comments from several of them, they reacted to popular support of Mr. Obama's failed policies and divisive rhetoric by saying, "I'm not sure I understand my country anymore."

That's a worrisome sentiment, to which they might now add, "I'm not sure I understand the GOP anymore," now that it appears to have nominated Mr. Trump. Libertarians in our movement may not have considered themselves GOP faithful but few of them wanted the most viable presidential choices boiled down to Hillary Clinton and Mr. Trump, two candidates who cannot be counted on to reliably support freedom and free markets, to say the least.

We don't yet know why we have arrived at this point. Many commentators, including very learned and respected ones, claim to know, but they agree on little. I do believe the answer to "why" will eventually be found in a combination of factors, none by themselves determinative. They include the mechanics of the nomination process, the power of ideas to shape the Overton Window of

political possibility, the secondary and tertiary effects of both failed and successful policies, social movement dynamics, and, perhaps least appreciated, the psychology of a dissatisfied electorate.

I won't make any public predictions about Mr. Trump. None of my private ones have been correct, anyway. He's a policy cipher, which may be generous because it implies there is some coherent, guiding, policy logic in there somewhere, if only we can find it.

But I will offer something you can count on. This is a great moment for the Mackinac Center's mission. By design we are not tied to any political personality or party. We stay true to principle in good political times and bad. Free-market ideas are never out of season, even if they fall out of fashion for a time.

Furthermore, our greatest point of leverage is at the state level, which is just about the only place free-market policies are advancing. We've chosen to work where your support translates directly into real impact that helps people in their daily lives, not to beat our heads against a federal castle wall or wait for a White Knight to win the highest office in the land.

I'm reminded of another unconventional politician who was also something of a policy cipher. He won out in a crowded primary field with only 36 percent of the vote, prompting unease among movement faithful. But we found a way to put good ideas in front of eventual Gov. Rick Snyder, who enacted a series of successful tax, regulatory and labor reforms that culminated in what many had deemed impossible — making Michigan a right-to-work state.

Let's lean in, learn what we can, do what we must and never give up. ■

JOSEPH G. LEHMAN

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GENEVA RUPPERT Editor

ILIA ANDERSON Designer



MOVING FORWARD ON FORFEITURE REFORM

Michigan is only partway there

Forfeiture is the process of transferring of property or cash from citizens to the government and is done at the state and national level. Sometimes, it happens through the criminal justice system. A person is charged with and convicted of a crime and the court determines if the the defendant acquired assets (usually cars or cash) through illegal activity. If the court says yes, those assets can be forfeited to the state.

But, increasingly, law enforcement is using civil forfeiture – a process which goes through the civil system rather than the criminal system. In civil forfeiture, assets can be transferred to the state without a person even being charged with a crime, much less convicted.

States can prohibit this practice, and Michigan has been moving in that direction. Last year, legislators passed a package of bills that would require a higher standard of evidence before property could be forfeited. It also required law enforcement agencies to report on the assets they seize. The Mackinac Center supported this legislation, testifying, hosting events and working with other groups to get the reforms passed.

But it is not enough. Our laws are still among the worst in the nation

JARRETT SKORUP

(previously Michigan may have been the very worst). Innocent people can still lose their property because the standard of evidence is too low. Law enforcement entities can keep up to 100 percent of the proceeds of what they take, which leads to bad incentives, exacerbating the issue.

One particular problem with Michigan's current laws is the process to get property back. Police can seize property if it is suspected of being involved in criminal activity – for example, cars used to transport people to an establishment thought to be serving alcohol without a license. Once their property is seized, even if they are not charged with a crime, Michigan citizens have to pay money to even start the process of getting it back.

House Bill 4629, sponsored by Rep. Peter Lucido, R-Shelby Township, attempts to solve this. The bill would eliminate this fee, known as a bond. Only five states in the nation require a bond for forfeited property; Michigan should join the 45 who do not.

The Mackinac Center supported the legislation during committee testimony. The bill passed the Michigan House 100-7 and is now before the Senate.

Were the bonding bill to pass the Senate and be signed by the governor, it would be another good step toward the ideal system. Michigan should join other states like Montana, Minnesota, Nevada and North Carolina, which require a conviction before property can be forfeited. We should change law enforcement incentives by sending the assets from forfeiture to the state general fund, school fund or library fund.

Ideally, Michigan would pass laws like the ones in New Mexico and Nebraska, which eliminated civil forfeiture. There, laws were passed and signed that guaranteed the rights of people to go through a criminal trial where they need to be convicted and then have the same judge and jury determine if their property would be forfeited. And if the assets were forfeited, the money goes to the state's general fund.

If New Mexico, a border state with a former prosecutor as governor, can pass forfeiture laws that strongly protect the constitutional rights of their citizens, so can Michigan.

To learn more about forfeiture in Michigan, and see what is happening at the legislative level, visit www.mackinac.org/forfeiture. ■

Jarrett Skorup is a policy analyst at the Mackinac Center.

Stay up to date with what we are working on and follow Michigan legislative issues more closely by signing up to receive emails.

There are two ways to sign up:
Send us an email at info@mackinac.org or go to Mackinac.org/subscribe.

In Memoriam

Remembering friends of the Mackinac Center



JOHN REDER

Tireless Ally



Mackinac Center friend and former Midland, Michigan County Sheriff John Reder passed away suddenly on Feb. 17, 2016, at age 73. He was sheriff from 1991-2004 and very active in his church and many of the local civic groups that form the backbone of civil society. He regularly supported

the Mackinac Center for 16 years. Reder was particularly interested and helpful in assisting the Mackinac Center with its physical security. Several times through the years he would consult with its leaders on protecting employees and property from union protests organized to disrupt and intimidate

the staff. He also helped the Center respond to death threats in 2011 related to a Freedom of Information Act request it submitted to a public university. In that episode, the FBI became involved and a woman was charged and later admitted her guilt. Reder never sought recognition or compensation for his service and, unknown to the staff, he quietly arranged for a legacy gift to the Center from his estate.

Mackinac Center President Joseph Lehman said, "John was always there for us with a great combination of security expertise and commitment to our mission. I never knew he planned a legacy gift, but I'm not surprised that he considered our work important enough to support into the future. We are blessed to have known him." ■



JOHN RAPANOS

Man of Principle

Editor's note: This is an edited and condensed version of remarks that Mackinac Center President Joseph G. Lehman gave at the memorial service for John A. Rapanos (1935-2016).

I was in Washington D.C. with John nearly 10 years ago when the federal government brought its famous wetlands case against him.

John caused "a tectonic shift in the scope of the Clean Water Act," according to a news story I read this very morning. That tectonic shift caused thousands of pages of regulations to be rewritten to recognize the fact that not every low spot and drainage ditch was a navigable waterway and thus subject to federal control.

John wouldn't give up on fighting for what he thought was right. Not many would have fought all the way to the U. S. Supreme Court. Not many would have risked financial ruin and even incarceration, rather than pay a lower fine, simply on principle. But most of the freedoms we all cherish in America were won by people doing just that – refusing to back down in the face of unjust persecution.

One judge wouldn't go along with the idea of locking John up for "moving sand from one end of



John Rapanos at the Supreme Court in 2006

his property to another" and called the very idea evidence of "a system gone crazy."

Our history books describe a time when a number of remarkable men joined together to pledge their "lives, fortunes, and sacred honor" in upholding the ideals of an American Republic being born.

John Hancock famously made the biggest signature to the Declaration of Independence so old King George could read it without his glasses. If John Rapanos had been there, I think old George could have read two signatures without his glasses.

God bless the memory of John Rapanos and the entire Rapanos family. ■



A very full room at the screening of Poverty, Inc.

POVERTY, INC.

Co-producer of award-winning film speaks at Mackinac Center screening

Is it really helpful to purchase a pair of Toms Shoes? What about donating all your old t-shirts to a war-torn country in Africa, or tons of extra rice to Haiti?

The documentary *Poverty, Inc.* convincingly argues that the answer to those questions is an emphatic “no.” The Mackinac Center hosted a screening of the film at Northwood University in March, followed by an illuminating question-and-answer session with Mark Weber, a co-producer of the movie.

The goal of *Poverty, Inc.* is to provoke viewers to consider the unintended effects of charity work. People donate money, food, clothing and time with the best intentions,

but often make conditions on the ground even worse. Consider the glut of free shoes Toms drops into a village. Everyone in the village gets a new pair of shoes at no cost, including the local cobbler, who suddenly has no demand for his product. He must close his business, which is no help to him or to his neighbors, who may need new shoes before another free pair comes along, and now have no way to get some.

In America, it is the common refrain that people don't need handouts, they need opportunities. The same is true in developing nations. Weber didn't rule out donations in sudden and dire situations – Haiti's devastating earthquake, for example, or the tsunami that flattened

Indonesia – but suggested that making conscientious decisions on an everyday basis is a much better way to support the aspirations of impoverished people around the globe. In his hometown of Grand Rapids, he said, he enjoys patronizing MadCap Coffee both for its excellent brews and for its strong relationships with the people who grow the coffee it serves.

Free markets are already recognized as the most effective way to lift people out of poverty. In this era of globalized commerce, the most effective way to help the poor is not to donate to groups that simply give them money or goods, but to buy directly from them. ■



Poverty Inc. co-producer Mark Weber

Helping People Exercise Their Right-to-Work Option

In 2012, Michigan passed a law to become a right-to-work state. This means that most workers – everyone except police and firefighters – can no longer be forced to pay money to a union in order to keep their job.

In the years since, the state’s unions have done everything they can to avoid complying with the law. They filed numerous lawsuits; these were thrown out or decided in favor of upholding the law. Since the law did not go into place until current

contracts expired, unions worked to extend contracts to put off worker rights as long as possible. And even when the law finally began affecting teachers, the Michigan Education Association only allowed school employees to resign during the month of August. It also used collection agencies to ruin the credit of those who sought to exercise their rights in other months.

To counter the unions, the Mackinac Center has fought on behalf of employees in several ways. We filed lawsuits on behalf of teachers to prevent contract extensions that sold out union

membership and established the arbitrary August window. Last year, a judge and the Michigan Employment Relations Commission agreed with us and against the MEA. The union now has to accept resignations year-round, and the MEA had to run

a page in its monthly magazine explaining the new rules.

The roadblocks put in place by the unions caused a lot of confusion. This is why we began an advertising campaign to educate workers on their rights and walk them through the process should they need help.

Michigan school employees can learn more about their rights and how to opt out of their union at MichiganUnionOptOut.com. Members can download an easy form to fill out and send to the MEA.

Autoworkers and other employees working under the UAW can do the same at UAWOptOut.com.

Michigan union workers now have a choice, and the Mackinac Center is happy to help them exercise their rights. Please help us spread the word. ■

**UNION
OPT-OUT**



Labor Director Presents on West Virginia Employee Freedom at Heritage Resource Bank

On April 21, F. Vincent Vernuccio, the director of labor policy for the Mackinac Center, participated in a panel entitled “Labor Equality for All: Lessons from West Virginia” at the Heritage Resource Bank meeting in Philadelphia.

Vernuccio joined Garrett Ballengee, the president of the West Virginia’s Cardinal Institute; Danielle Waltz, a lawyer with the Charleston, West Virginia-based law firm Jackson Kelly; and James Sherk, an expert in labor economics at The Heritage Foundation.

Members of the panel detailed the behind-the-scenes story of how West Virginia became the 26th right-to-work state. One especially encouraging fact came out: Almost all of the nonelected individuals pushing the effort forward were less than 35 years old. The new generation values worker freedom and isn’t afraid of the union juggernaut. Thanks to their hard work and the actions of a legislative majority, unions in West Virginia can no longer get workers fired for not paying them.

The Mackinac Center came up during the discussion, especially its work, “Labor Reform in the States, a Video Timeline.” The video showed that elected officials could vote for worker freedom without fear of political reprisals.

Another part of the panel dealt with a recent setback in Wisconsin, where a Dane County judge ruled that the state’s right-to-work law violated the takings clause of the Wisconsin Constitution – essentially calling unionized workers the property of the union.

Vernuccio mentioned his solution to what unions call a free rider problem: Worker’s Choice, which



Mackinac Center Director of Labor Policy F. Vincent Vernuccio was a part of a panel at Heritage Resource Bank in February.

would allow unions to not represent those not paying them and also let workers fully opt-out of union representation. Such an arrangement is not currently possible anywhere, even in right-to-work states.

More details on the West Virginia story can be found in the March/April 2016 IMPACT article, “Majority of States Now Right-to-Work: How the Mackinac Center spreads worker freedom in other states.” ■



Worker Freedom for Public Employees Likely Heads to State Courts

Nearly 40 years ago, the United States Supreme Court set back public employees' First Amendment rights by allowing public sector unions to charge agency fees and thereby make many public employees subsidize speech with which they disagree. Each year, this decision affects hundreds of thousands of public workers who are forced to choose between their political beliefs and a voice in their workplace. Justice Scalia's recent passing likely will mean that public employees will have to wait a bit longer to have their constitutional rights restored. It may be that freedom's advocates will have to fight the battle state by state instead of focusing mostly on the Supreme Court.

In *Abood v. Detroit Board of Education*, the Supreme Court claimed that there could be a line drawn between representational activities, which it would allow unions to charge all employees for, and political activities, which unions could solely charge to members. The court rejected the argument that when dealing with a public employer, all employment and budgeting matters are political.

Due in large part to the Mackinac Center Legal Foundation's work exposing the home

day care and home caregivers dues skims, in 2014, the Supreme Court refused to extend *Abood* to allow agency fees to be imposed on those types of workers. Instead the court actively questioned whether *Abood* remained good law. One case argued this January, *Friedrichs v. California Teachers Association*, was supposed to answer that question. The oral argument seemed to indicate that by a 5-4 vote the Supreme Court would overturn *Abood* and thus restore public employees' First Amendment rights. Then Justice Scalia, who was expected to be one of the five votes for freedom, passed.

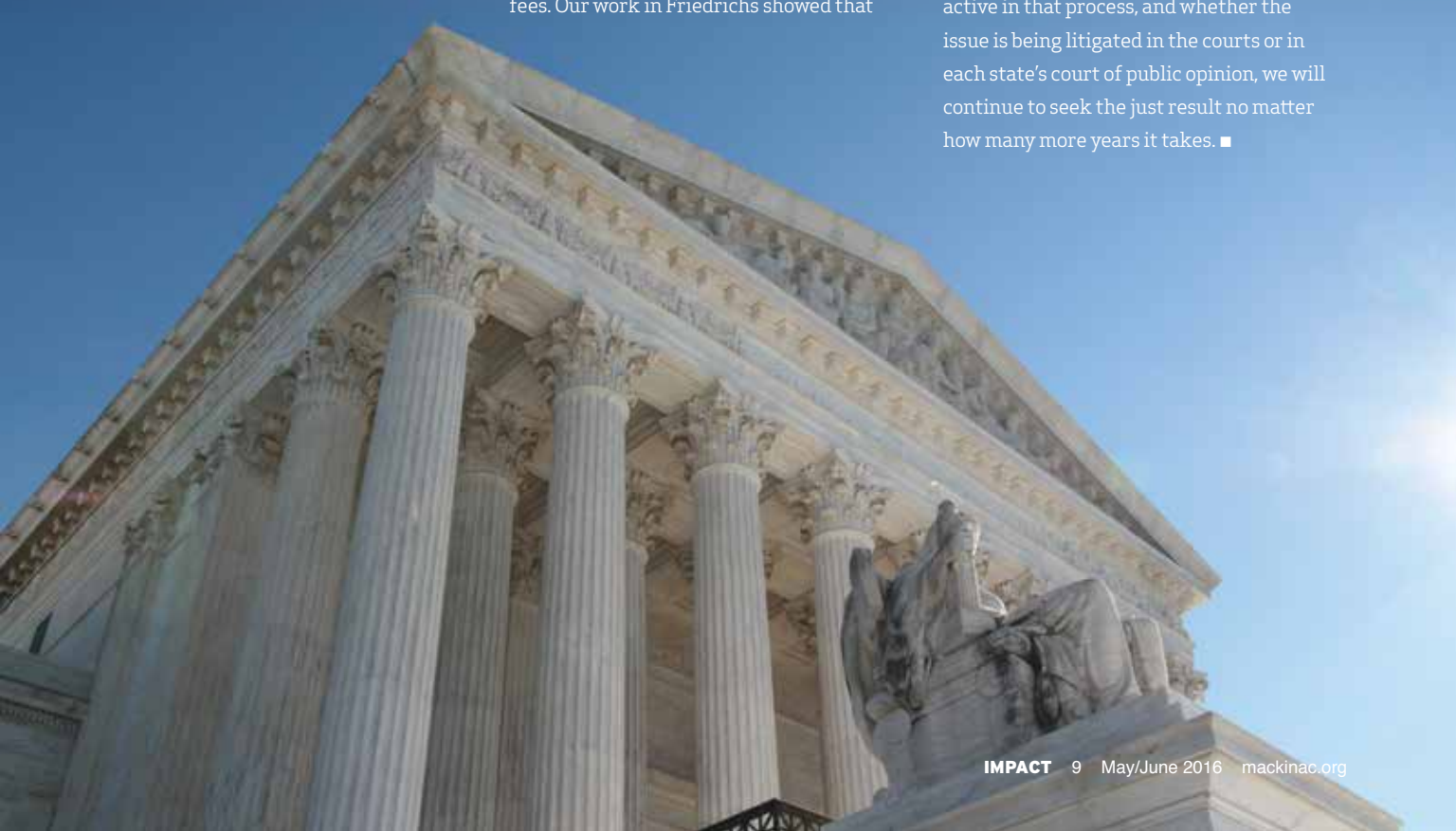
There was some question whether the Supreme Court was going to hold the case until a ninth justice was confirmed. But in late March, the court indicated that the case was a 4-4 tie, which had the effect of a ruling against the teachers and in favor of the unions, since the lower court had to follow *Abood*.

There are around 7.2 million unionized public sector employees (about 35 percent of all government employees). Many of these unionized employees work in states where unions are allowed to demand the employee be fired if they don't pay agency fees. Our work in *Friedrichs* showed that

where mandatory collective bargaining and agency fees are allowed, a touch over 90 percent of employees are union members. Where there is mandatory bargaining but right-to-work prevails (no agency fees), around 80 percent of employees are union members. Thus, hundreds of thousands would directly benefit from a return to the First Amendment's proper meaning.

Until a new justice is appointed to the Supreme Court, the agency fee-question is likely to be unresolved. The plaintiffs in *Friedrichs* have asked the Supreme Court to rehear the case when a ninth justice arrives and there are other court cases in the system. But depending on who wins the White House, the ninth justice may be unlikely to rule against unions.

The *Friedrichs* case appeared to be an opportunity for a quantum leap in worker freedom. All public employees could have been freed from subsidizing union speech. But, while the appointment of a good justice is still possible, it may be that the freedom movement has to return to the important process of winning these battles state by state. The Mackinac Center has remained active in that process, and whether the issue is being litigated in the courts or in each state's court of public opinion, we will continue to seek the just result no matter how many more years it takes. ■



RIDE/~~S~~HARING

FREEDOM TO DRIVE. FREEDOM TO RIDE.

How many people can say they've had a truly enjoyable experience in a taxi? Fortunately, alternatives are slowly making their way into Michigan. Uber and Lyft are two companies that offer smartphone apps from which users can hail rides. The systems are easy to use — all payments happen electronically — and have provided an excellent alternative for plenty of people who would never think to call a taxi.

Unfortunately, these services face uncertainty in Michigan. While Uber and Lyft have strict standards for operating and inspecting vehicles, providing insurance and conducting background checks on drivers, there isn't an overarching state regulatory structure to cover them. Most Michigan cities have welcomed Uber and Lyft drivers, but some, like Ann Arbor, have ticketed drivers for not being properly licensed. This has a chilling effect and harms both drivers and passengers.

We went around the state to talk to Michiganders who drive for Uber and Lyft. Their stories are inspiring: a father of four who saved his house from foreclosure with the money he earned driving, or a Senegalese immigrant who credits ridesharing with allowing him to interact with his community in Grand Rapids for the first time. This easy, flexible source of income gave multiple drivers we spoke to the security and confidence to follow their dreams by starting their own businesses.

And as for the passengers? "We clean the city," one driver said. Another told me she had heard that DUIs had dropped in Grand Rapids since Uber started operating there. But the service isn't just for partiers. A driver in Ann Arbor told me about one of his frequent customers: a woman who found that taking a ridesharing service to work was far cheaper than payments, gas and insurance for her car, so she sold it.

A number of solutions to the gray areas surrounding ridesharing have been introduced in the Michigan Legislature. For more information on those bills, and to learn more about the positive impact of ridesharing, visit www.mackinac.org/ridesharing. ■



REBECCA

*Drives for Uber
Grand Rapids*

"[Getting a chauffeur's license] to me is all about the state trying to get more money. It's not really about anything that is going to help the passenger's safety."



TIM

*Drives for Uber and Lyft
Ann Arbor and Detroit*

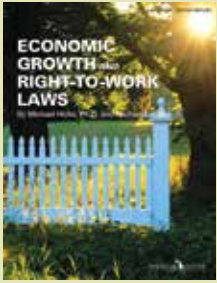
"Ann Arbor Police have been the strictest jurisdiction in Michigan when it comes to Uber or Lyft. . . . They've been writing tickets for operating a taxi cab without a license."



BABACAR

*Drives for Uber
Grand Rapids*

"The police love us — love the Uber drivers. We help them. We make their jobs very easy."



This 2013 study is available online at mackinac.org/s2013-05

Mackinac Center Paper Published in Academic Journal

The Mackinac Center's 2013 study, "Economic Growth and Right-to-Work Laws," has been well received. It examines the impact of right-to-work laws in 48 states over 64 years. Its technical work was recently extended and published in the *Cato Journal*, an academic, peer-reviewed publication.

Mackinac Center for Public Policy scholars found in 2013 that from 1947 through 2011, states with right-to-work laws saw their average inflation adjusted income grow 0.8 percentage points each year. That sounds puny, but it is not. A growth rate of 2.8 percentage points versus just 2 represents a difference of 40 percent. The authors also divided up the impact of right-to-work laws into time periods (1947-1970; 1971-1990; and 1991-2011) and generally found positive results in each period.

Authors Michael Hicks, Srikant Devaraj and Michael LaFave have since extended the statistical model in a way that clarifies the effects of right-to-work on a state's population growth.

Their new model found that the presence of right-to-work laws had a "statistically significant influence on population growth," particularly from 1971-1990. During that time, right-to-work had an impact of 1.5 percent each year.

That the Center's research was accepted for publication by the Cato Institute means that the model and results of the Center's work were peer-reviewed twice, once by our review team and once by scholars known only to the Cato Institute.

The Center works to create the best scholarship in the state. Publication in academic journals provides evidence that it produces scholarship that merits recognition at the national level as well. ■

Presidential Candidates Talk Trade; Mackinac Center Work Comes to Forefront

When the candidates for the Republican and Democratic presidential nominations came to Michigan for the primary, the Mackinac Center was called in to arbitrate some of their claims on trade. National Public Radio called us to judge the veracity of Bernie Sanders' assertions that Detroit's decline was the direct result of the North American Free Trade Agreement. It also gave us the chance to bring some rarely inspected evidence about trade to Michigan residents.

As Americans buy more products from the developing world, trade is often viewed as a threat to the middle class. Yet Michigan's exporters have been thriving. Even during Michigan's terrible 2000s, exports grew from \$33.8 billion to \$44.9 billion per year. And since then, exports have grown to \$53.2 billion. It is simply not true that we don't make anything anymore, especially when you look at what others around the world are buying from us.

The growing world economy means that there are more customers for products made in Michigan. Purchases from Mexico and China were responsible for more than half of the growth in exports. Those countries are now the second- and third-largest markets for Michigan goods.

The growth of purchases from China has been especially notable, increasing from \$212 million in 2000 to \$3.2 billion last year, a 15-fold increase.

Unsurprisingly, transportation equipment – both vehicles and parts – represent roughly half the state's exports. But other products may escape the public's attention just because they are not consumer goods. Chemicals and electronics constitute 14 percent of the state's exports. Michigan also makes a lot of the machines that make other things – exports of machinery are 9 percent of our exports.

Here's another little-known fact: While you see agriculture all around the state, food and other agricultural products made in Michigan constitute just 3 percent of the state's exports. (And purchases from Canadians make up 62 percent of those exports.)

Too often a discussion of how or whether to raise or lower barriers to trade ignores our experience with the expansion of global trade. Instead, fears over competition and job loss take center stage.

These numbers on exports show that Michigan can, in fact, compete on the worldwide stage. The prosperity of the state does not depend on government-levied trade protections.

This is not to deny that trade has costs as well as benefits. As Ford's recent decision to start a new plant in Mexico indicates, there is a global competition for investment; this fact influences the in-state job picture. Still, looking at total state auto employment shows that there are much larger factors at work.

Michigan's auto jobs continued to increase in the 90s but dropped substantially in the 2000s. At the worst part of the recession, the state's employment in transportation equipment manufacturing dropped to roughly a third of what it had been at its peak in 2000. It has climbed back since then, adding 70,500 jobs to the state. These drastic changes in employment cannot be fully or even largely explained by the persistent increase in global trade.

When candidates try to tap into fears of economic hardship caused by trade policies, the actual experience with trade is obscured. It is not all good news, but it is much better news than usually portrayed. ■

James Hohman is assistant director of fiscal policy at the Mackinac Center.

JAMES HOHMAN

Study Shows More Money Isn't the Solution for Michigan's Education Woes

Common wisdom holds that the key to improving Michigan schools is to open up the state's pocketbook. As attractive as that idea may be – you get what you pay for, right? – our new study shows that it isn't necessarily true.

Over the past dozen years, Michigan is the only state to have lost ground on the nation's report card. Our state's fourth- and eighth-graders rank 43rd overall in important math and reading skills. The current trajectory doesn't bode well for preparing today's students to be tomorrow's productive citizens and economic contributors.

The State Board of Education and state superintendent have a lofty goal of moving Michigan from the bottom 10 to the top 10 in educational achievement within a decade. The education establishment will be tempted to turn the conversation toward spending more tax dollars to provide more resources to schools.

The problem: The reasoning that "if we just had some more money" doesn't pass the empirical test, as a new Mackinac Center analysis points out. Investing hope and large sums of other people's money into a statewide funding increase represents not only an act of faith; it's also a diversion from harder conversations about how to raise the bar.

The stage has been set for talk of Michigan K-12 funding increases with the imminent publication of an official "Education Finance Study," better known as an "adequacy study." As part of a broader December 2014 tax deal, the Michigan Legislature agreed to dedicate state funds to this purpose. The experienced Colorado-based firm Augenblick, Palaich and Associates

(APA) won a \$399,000 contract to perform the research.

The mystery is not so much whether APA will recommend a funding increase, but exactly how large the suggested tab will be. APA identified 39 adequacy studies

conducted between 2003 and 2014, including 13 of its own. Only one of the 39, and none of APA's studies, failed to call for a funding increase.

A state statute specifically spells out that the study was to be completed and turned in by March 31, 2016. But the Michigan Department of Technology, Management and Budget granted an extension, claiming responsibility for an error in data

transmission that didn't gain any attention until the eleventh hour. It set a new deadline of May 13, but sent the study back to APA, saying it needed more clarification. The study is now expected on June 24.

According to terms outlined in the official contract, APA is supposed to identify districts that top the state average in the share of high school students who pass the Michigan Merit Examination. Then, breaking those "successful" districts into categories of like demographics, the report's authors are to recommend how much money all the unsuccessful districts need to reach proficiency.

The fundamental problem with this type of analysis is that many lower-funded districts outperform their higher-funded counterparts.

The other common approach of adequacy studies, called the professional judgment model, asks groups of education officials to discern how much money they believe is needed to attain a specified performance level. Studies using this method called for a

35 percent funding increase in Connecticut and a 22 percent hike in Washington, D.C., both areas that were already among the nation's highest in per pupil spending.

However, Stanford University's Eric Hanushek has pointed out that "there is no evidence to suggest that the methodology used in any of the existing costing-out approaches" can tell us the funding level needed to reach a certain achievement goal.

A big unproven assumption like the one being made in Michigan's pending adequacy study deserves to be tested. Having obtained years of detailed data from the Michigan Department of Education, the Mackinac Center took on the task of studying the track record of past spending patterns to predict future results. We examined detailed spending histories, student demographics and test scores from more than 4,000 Michigan public schools.

Establishing our own Colorado partnership, we worked with Edward Hoang, an economics professor at the University of Colorado-Colorado Springs, to test how the addition of inputs (spending) affected multiple outputs. In all, 28 academic indicators were available to measure the effects of more spending. These included MEAP subject tests for third through eighth-graders, ACT and MME subject tests for high schoolers plus three different measurements of graduation rates.

Our study's title sets forth the question, "School Spending and Student Achievement in Michigan: What's the Relationship?" The short answer is, "practically none." Of the 28 different academic measures tested, 27 revealed no statistical connection.

The outlying indicator, seventh-grade math, estimated that a 10 percent funding boost would reap a mere .0574 point gain in average test scores. To put that in perspective, the state's average seventh-grade MEAP score for 2013-14 (the last year it was used) was 725.



Our new study is available online at mackinac.org/s2016-02

The findings of the Mackinac report would not surprise economists who have studied the question. Back in 1997, Hanushek compiled the results of all known studies comparing education spending and achievement. Two-thirds of the 163 estimates he looked at showed no statistically significant relationship while 7 percent actually indicated that more spending led to worse results.

Since that time, only a few studies have bucked the trend. Interestingly, most of these countervailing studies looked at the effects of Michigan's Proposal A, a 1994 voter-approved rewrite of the state's school funding system. Prop A substantially leveled funding disparities among districts. The lowest-funded districts received a big boost to their budgets, creating a natural before-and-after experiment for researchers to examine.

Two studies found that fourth- and seventh-grade students in the low-funded districts improved their MEAP scores slightly as a

result, though no impact was found on their counterparts in higher-funded districts. By comparison, students across Michigan today are enrolled in relatively high-funded districts. (The average state per pupil expenditure tops \$12,000.) Thus, the small positive findings in these earlier reports hold little relevance for today.

Some find it counterintuitive to hear that a rigorous analysis shows increased education spending won't help improve student outcomes. It's not that some amount of extra resources in the past never helped, or that future funding increases could never produce benefits. Rather, despite good intentions from many, the current system is not designed to make better use of more money.

The University of Washington's Center on Reinventing Public Education conducted a thorough six-year analysis of the nation's school finance systems, only to reach some unsettling conclusions. It reported that funding reinforces compliance with

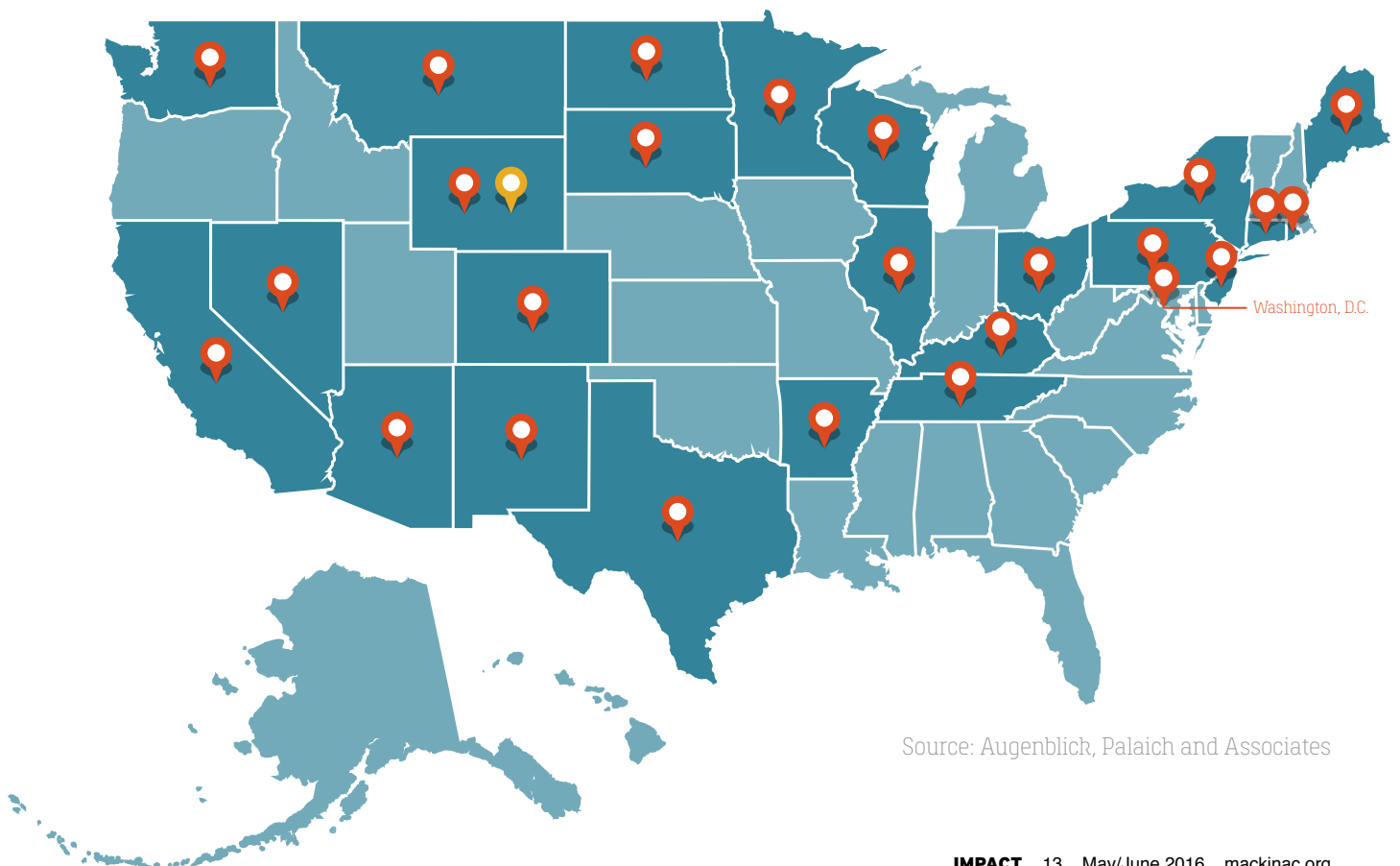
regulations instead of rewarding, or even being able to identify, productive uses of public dollars. Interest groups are organized to channel money into policies and practices that on the whole offer little or no benefit to students.

Additional dollars are most likely to follow past trends of hiring administrators, reducing class sizes, backfilling employee pensions or compensating teachers based on factors like seniority and academic credentials. The top-down governance and funding model provides precious little incentive to innovate and pursue excellence outside of traditional norms and practices.

A laudable ambitious goal has been set to improve results for Michigan students. Calling for more money to fix the problem is an easy answer that ignores recent history. It's time for educators to try, and parents and taxpayers to demand, something drastically different. ■

Education Adequacy Studies

Where adequacy studies called for a state funding increase / did not call for a state funding increase



Source: Augenblick, Palaich and Associates

What's Wrong with the Detroit Education Commission Idea?

In late March, Michigan's educational choice supporters were blindsided by the Senate's approval of a Detroit schools bailout plan that includes the controversial creation of a Detroit Education Commission. To its credit, the House recently approved a package that did not include the commission, resisting the push to ration charter school growth and trap students in failing district schools.

The Detroit Education Commission would be a seven-member body that supporters say would stop the spread of failing school models and point new schools and school expansions to underserved areas of the city.

Beneath the surface lies a far more troubling reality. The legislation adopted by the Senate establishes the commission for a five-year term, at which point it could be renewed

for another five years. One deciding factor would be an improved financial condition of the newly renamed, debt-free Detroit school district. The only means at the commission's disposal to improve district finances would be to preserve or bolster enrollment — and approving more charters would clash with that purpose.

Under the current mayor's leadership, the Detroit City Council obtained vacant school properties from the district, then adopted a resolution forbidding their sale to charter operators. The commission, appointed by the mayor, would have the power to decide where new schools could be located. It could shut down poor charter schools (a task currently left to school authorizers). But it would have no new means or political will to

address district-run schools demonstrating repeated failure.

Essentially, the purpose of the commission would be to shield the school district from competition. A better approach would be to transform the district central office from a costly command-and-control center to an authorizer that contracts with charter operators to run individual schools.

The Mackinac Center has spoken out — through the media, at the Legislature, and in other forums — to explain why the commission is absolutely the wrong approach for Detroit students. Lawmakers should resist the expansion of bureaucracy and embrace true choice and accountability. ■

Mackinac Center President Speaks at Associated Builders and Contractors Conference

Mackinac Center President Joseph Lehman delivered the keynote address to the annual Legislative Day of the Michigan Associated Builders and Contractors in February. Speaking in Lansing, he outlined "Seven Principles of Sound Governance" to nearly 200 owners and operators of merit-shop construction firms and state lawmakers. Lehman's seven principles are the actions policymakers must take, no matter their political affiliation, if they are to govern well, starting with "tell the truth." ABC's top legislative priority is a repeal of the state prevailing wage act, which increases the cost of taxpayer-funded construction. Mackinac Center analysts have urged its repeal for years. ■





Wanderlust and the Power of Broadened Perspective

I just got back from a two-week trip to New Zealand.

Somewhere in a cramped airline cabin over the Pacific, exhausted but unable to sleep, knowing we had hours to go before landing and another flight to board when we did, it was easy to question why I had spent a frighteningly large portion of my discretionary income to put myself in that spot. Fortunately, I had a lot of good answers.

“Travel is the only thing you can buy that makes you richer.” So say many cutesy internet graphics. I don’t know who first said that. The sentiment isn’t perfect – in my opinion, an education, not travel, will make someone richer in any sense of the word (though my student loans might sometimes give me some doubts). But I have always thought travel is a vital part of education.

Travel teaches patience, flexibility, empathy. It reveals new ways to live and values different from my own. But my favorite part of seeing the world is what I bring back with me – intangible souvenirs like a different way to brew coffee, memories of hiking over lava fields to the ocean, even a new way to look at life.

New Zealand is so isolated that an astonishingly large number of world maps completely omit it. Australia is the nearest country, but it’s still three or four hours

away by plane. It would make perfect sense for a country so far from the beaten path to embrace the isolation. Instead, young Kiwis are encouraged to have an overseas experience – to leave home, live in another country or travel for a few years. The New Zealand government

encourages this through extensive reciprocal visa and licensing agreements, which make it easy for Kiwis to live and work in a variety of countries.

But equally if not more important, the emphasis on seeing the world has been passed down for generations. That’s why we met so many people with

dual citizenship – born to one or two Kiwi parents living overseas – and heard about so many amazing experiences: teaching on a tiny Scottish island, helping to farm roses in Israel and working in western Africa. Taking advantage of such opportunities makes the world easier to understand. It also makes it easier to fill our lives with love.

Living in and visiting other countries gave me a new appreciation of American culture and history, as well as my role and place in it. It changed my opinions on what I should appreciate and what I should condemn. I also learned what I should try to bring home with me: a broadened perspective, which is perhaps the most valuable asset in policy and in life. ■



Auckland, NZ.

BY THE NUMBERS

22 percent

Education spending increase recommended for Washington D.C., one of the highest-spending districts in the country, by the firm hired to perform a similar study in Michigan.

27

Measurable academic results that showed no statistical relationship to spending increases in individual Michigan public schools, out of 28 tested.

11.3 percent

Increase in dollars spent per pupil on Michigan public schools from 2003 to 2013, adjusted for inflation.

51

Michigan’s rank among the 50 states and Washington, D.C. in progress on math and reading achievement from 2003 to 2015.



**KAHRYN
RILEY**



**JIM
WALKER**

California Attorney General Puts Donor Privacy in Danger

The 9th U.S. Circuit Court of Appeals has overturned an injunction that, until a few weeks ago, protected the conservative nonprofit Americans for Prosperity Foundation from having to release the names of some of its major donors to the California attorney general. The attorney general's attempted involvement in the operations of a private organization stands in direct opposition to the essential American principles of free speech, free association and free thought.

In March 2013, the office of the California Attorney General Kamala Harris demanded that AFP, like other nonprofits raising money in the state, submit a "Schedule B" federal tax form. Schedule B requires the names of an organization's major donors, which are identified using a complex formula. (Applying this formula to the Mackinac Center, which has a very wide network of supporters, would return fewer than five names.) Harris said the information is necessary to prevent fraud. When AFP resisted, Harris threatened to revoke its tax exemption, suspend its registration and impose fines. Finally, AFP sued in December 2014. It claimed that the First Amendment shields it from having to release the names, and introduced testimony saying that anonymity is a priority for conservative groups that have been targeted for investigation by the IRS. The district court agreed, and granted AFP an injunction to protect its donors' privacy.

In January of this year, however, the 9th Circuit overturned the injunction. It found no evidence that disclosing the donor information would cause "actual harm" to AFP, since Harris' office promised to keep the names confidential. AFP maintains that releasing the names would threaten current supporters and chill future support, because

Harris' office has previously made inadvertent disclosures of other nonprofits' donor information. It also argues that Harris perceives AFP as a political opponent of her U.S. Senate bid and is using the lawsuit to pressure the group. Mackinac Center attorneys are keeping a close eye on the outcome of this case as it proceeds through the federal court system.

This situation illustrates with startling clarity how desperately our country requires a voice to speak up for our freedom of association. What possible need do government officials have to scrutinize the donor rolls of private organizations and collect their donor information? It is painfully easy to imagine how governmental power players might seek to circumvent the democratic process by interfering with private citizens' right to associate in furtherance of an opposing political goal. And it is up to all of us — left, right, and center — to see that this never happens.

The Mackinac Center has stood for free discourse and principled association since its inception. We believe in the power of civil society to enrich our culture with a variety of viewpoints, and in the voluntary associations that safeguard free speech and thought. These are the best tools we have to build a healthy, accountable republic. We stand with the Americans for Prosperity Foundation in its refusal to surrender its constitutional rights, and we thank our dedicated community of supporters for their unwavering encouragement in our pursuit of truth and defense of liberty.

For more information about how to protect your privacy, please contact the Mackinac Center Advancement Department at (989) 631-0900. ■