

How to Save \$5.7 Billion

Michigan could end its annual budget problems, eliminate the Michigan business tax, avoid a pension tax increase, resurface miles of roads and still have money left over if the state simply brought the fringe benefits of public employees in line with private-sector averages. Bringing this disparity into balance would save \$5.7 billion, according to Fiscal Policy Analyst James Hohman. Gov. Rick Snyder's budget reflects these findings and calls for reforming the compensation packages offered to public employees in Michigan.

Gov. Snyder put forth three recommendations: incentives for local and school governments to control employment costs, state employee concessions, and restrictions on expensive state employee retirement health care benefits.

These budget recommendations validate years of the Center's work on this issue.

While the Center has published material highlighting outsized public-sector compensation since at least 1995, its call to bring benefits into balance began in 2009. Leon Drolet — former legislator and president of the Michigan Taxpayers Alliance — asked the Mackinac Center, "How much could the state save if it brought the benefits of public-sector employees in line with private-sector averages?" Hohman and Center intern Adam Rule found the answer: \$5.7 billion.

Since then, the Mackinac Center has worked to increase public awareness of these findings. A new Center website,

see "Benefits in Balance" Page 4



This issue of IMPACT features a tear-off bookmark with the Benefits in Balance pamphlet!

A Philosophical Sea Change

The pursuit of freedom has been marked by the ebb and flow of governments that alternatively embrace, ignore or stifle the liberties of the governed. One of the objectives of think tanks like the Mackinac Center is to keep liberty-oriented principles alive when policymakers are hostile to them. Then, when the ideological climate changes, ideas that seemed out of vogue can suddenly gain new currency.

At the beginning of 2011, the tide of new leaders at all levels of state government brought new receptivity to Mackinac Center ideas. Beginning in the transition period, the offices of the new governor, attorney general and other high-ranking officials called upon Center analysts for their expertise on issues ranging from regulation to education.

This receptivity was also apparent during

the Jan. 12 swearing-in ceremony for the new Legislature. Senior Legislative Analyst Jack McHugh, Michigan Capitol Confidential Managing Editor Ken Braun and Vice President for Communications Michael Jahr spoke with numerous legislators, legislative staff and reporters, and disseminated a "Policy Blueprint for Michigan" — a collection of recent and reform-oriented Center publications.

"Having attended previous swearing-in ceremonies, it was clear this year that there was a heightened awareness of and enthusiasm for Mackinac Center ideas," said Jahr. "Legislators recognized that Michigan would not recover without transformational policy changes."

Communications Specialist Kathy Hoekstra set up a camera near the Rotunda and recorded

see "Sea Change" Page 6

"I feel so blessed, and I could have never done it without the Mackinac Center. I'm so happy to know that I'm not responsible to a union inside the walls of my own home."

-Mackinac Center Legal Foundation client Sherry Loar after court victory (see story on back page)

Contest ends April 22!

Go to Mackinac.org/14718 for more details.

BENEFITS IN BALANCE

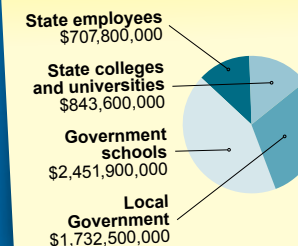
How to save Michigan \$5.7 billion annually

It happens like clockwork. Every year state officials struggle to balance the budget. They propose or pass tax increases, threaten to cut programs and fight to protect pet projects. Policymakers assure us that government has been "cut to the bone." They bemoan what they say are inadequate revenues.

Is this annual spectacle unavoidable, like the changing of the leaves? Is Michigan helpless to remedy its economic malaise and yearly budget crises?

Not at all. Michigan can fix its economy, control government spending, save for the future and improve infrastructure with just one idea: Benefits in Balance. The gap between what private-sector workers and public-sector employees receive in benefits amounts to \$5.7 billion annually. Bringing this disparity into balance will save the state this amount without cutting a single program, lowering anyone's wages or laying off a single employee.

This \$5.7 billion is spread out over all Michigan governments



more on other side »

BENEFITS IN BALANCE continued

How big are the disparities?

- Insurance benefits per employee are \$7,149 more per year than in the private sector
- Retirement benefits per employee are \$11,725 more per year than in the private sector
- Michigan government workers receive generous paid-leave.

With \$5.7 billion, the state could:

- Eliminate the Michigan Business Tax
- Balance the budget
- Spend \$1 billion rebuilding Michigan roads
- Save another billion dollars for a rainy day.

Best of all, this could be accomplished with:

- No service cuts
- No government job losses
- No government wage cuts.

Just Benefits in Balance.

visit www.BENEFITSinBALANCE.com for details



PRESIDENT'S MESSAGE

Tax and Union Battles Show Importance of Mackinac Center



Joseph G. Lehman
President

Why are think tanks important? Just look at two policy debates dominating today's headlines. Mackinac Center research laid intellectual groundwork for key tax proposals by our governor, and helped define the battle to rein in union influence over government's cost.

Policy debates aren't merely academic. They affect how we live. Will taxes be levied simply on all, or will powerful interests get special deals? Will government unions impoverish private-sector workers to protect deluxe pay and benefits, or will we bring public servants' compensation in balance with those they serve? Policy changes lives.

Gov. Rick Snyder's budget proposal radically scales back special deals for politically favored businesses. His language echoes ours, saying government should not "pick winners and losers." Way back in 1995, we irked many Republicans and our friend Gov. John Engler when we predicted the failure of his new Michigan Economic Growth Authority, which granted tax relief to select firms. Some said we'd soon be out of business for challenging a popular governor's signature project. Instead, we were proved right.

Gov. Engler's successor only doubled down on this unsuccessful initiative. Over a decade of government picking winners and losers, Michigan lost 848,000 jobs. While some wondered if we've been tilting at windmills arguing for low taxes and equal treatment, last year gubernatorial candidate Snyder visited with our analysts, and now he proposes to dramatically reverse tax favoritism.

Key to controlling government's cost is bringing public-sector benefits in balance with the private sector's. Reforming state union laws to do so is well within the authority of the Legislature and governor. But unions almost put their privileges out of legislative reach with a ballot proposal in 2002.

Proposal 3 would have amended the constitution to enshrine collective bargaining privileges for all state employees, making it much more difficult to check government union costs. Labor Policy Director Paul Kersey detailed the proposal's hidden costs, and union leader John Denniston listed the Mackinac Center first among the proposal's "opponents." Voters defeated the measure 54 percent to 46 percent.

If Proposal 3 had passed, our Legislature today could not even consider a host of recommendations to get union power — and government cost — under control.

Our work from years ago doesn't always make today's headlines, but its impact does. A group of Mackinac Center supporters is giving us the biggest challenge in our history. They will match \$1.65 million in new support, for a total of \$3.3 million for an aggressive campaign to limit the cost of government, stop the federal takeover of our health care and increase freedom in our schools and workplaces. Our stories on pages 7 and 8 explain more. I hope you understand the value of the Mackinac Center's long-term commitment to limited government and increase your support to help us make and lock in historic gains now. **I**

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MICHAEL D. JAHR Editor DANIEL E. MONTGOMERY Graphic Designer

Charges Ground Fraudulent Film Deal

The criminal charges continue to pile up in the Hangar42 film studio scandal, highlighting the skewed incentives created by government programs that grant favors to a selected few. After the Mackinac Center began exploring the suspicious film studio deal in Walker, Mich., the media and state joined the investigation. On Jan. 25, 2011, Michigan Attorney General Bill Schuette filed two counts against the developer of Hangar42, which was housed in a former Lear plant. Then-Attorney General Mike Cox filed a felony fraud charge against the alleged seller in August 2010.

Neither criminal case may have ever seen the light of day if not for the vigilance of Center Fiscal Policy Director Michael LaFaive and Communications Specialist Kathy Hoekstra. In early 2010, they discovered the studio may not have been worth the widely reported \$45 million, as it had previously sat on the market unsold

at a listing price of less than \$10 million. In video and print, the pair made their questions public, which ultimately led the Attorney General to charge the developer and seller with purposely inflating the selling price four-fold to get a bigger payout from the state of Michigan's film infrastructure tax credit.

Another case stemming from the scandal continues to wind its way through the courts. A group of unpaid contractors has brought a civil lawsuit against the owner of the property. Hangar42, meanwhile, is reportedly back on the selling block.

In exposing this deal, Hoekstra and LaFaive have helped to demonstrate how state economic development programs should be made more transparent or even eliminated.

For Hoekstra's video exposing the Hangar42 deal, go to www.mackinac.org/12804. **I**

mackinac media



Kathy Hoekstra's investigative video exposing the Hangar42 scandal is available at www.mackinac.org/12804.

Unions Run It up the Flagpole

A new labor union tactic targeting non-union business owners has come into the Mackinac Center's sights. Communications Specialist Kathy Hoekstra produced a video explaining the recent trend of "bannering," put into practice in Michigan by the Michigan Regional Council of Carpenters.

As a result of a recent court ruling, unions are allowed to demonstrate against a non-unionized company, even one whose employees are happy not to belong to a union.

Hoekstra's video featured an interview with a West Michigan contractor who found himself a victim of this



Unions protest a business whose employees do not choose to be unionized.

tactic. Hoekstra and her video camera also tracked down a union protest in progress outside a Grand Rapids hospital. Her questions to a union official at the scene of that protest revealed even more about how far the carpenters union will go to disrupt honest business practices.

Hoekstra followed up with a second video revealing the underhandedness of the carpenters union in outsourcing its picketing to non-union workers — from Grand Rapids-area homeless shelters supported by the targeted business, no less.

Representatives of the trade group Associated Builders and Contractors of Michigan were so impressed with Hoekstra's videos that they plan to show them at their upcoming national convention in Florida. ABC-MI hopes to raise awareness of this tactic and find ways to address it to preserve the credibility and prosperity of its job-providing members.

In the meantime, the story, also covered in Michigan Capitol Confidential, quickly spread through the blogosphere, with links landing on such diverse websites as the Huffington Post, the American Thinker and the Washington Examiner.

Over 40,000 people have watched the videos, which are available at www.mackinac.org/14571. **I**

Virtual Learning

Internet and computer technologies have revolutionized the way people communicate and do business. And now they're poised to transform public education as well. A recent study by Michael Van Beek, director of education policy at the Mackinac Center, thoroughly reviews the research on "virtual learning" and describes how it can benefit schools, students and taxpayers.

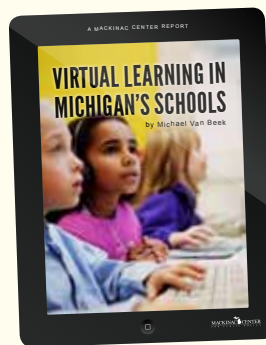
The study finds that an increasing number of students, parents and schools are recognizing the benefits of virtual learning. According to estimates, there were more than 20,000 virtual course enrollments in Michigan last year.

Van Beek reports on research that shows students can learn just as well in online courses. While virtual learning may not be perfect for every student, many can benefit from its greater flexibility and options.

Furthermore, virtual schools and online courses often cost significantly less to operate than traditional brick-and-mortar schools, the study shows.

Current policies in Michigan limit the online educational opportunities available to students. Van Beek recommends doing away with an outdated pupil accounting rule that only allows schools to get funds for the number of students physically present, and advises the state to lift its arbitrary barriers on the expansion of virtual charter schools.

Because of its promise, virtual learning is a hot topic in Michigan and around the country, and the Mackinac Center is significantly contributing to the discussion. Van Beek's most recent study was



Study available at www.mackinac.org/14440.

featured in the Holland Sentinel and The Detroit News. Several education bloggers reported on the study as well. Last September, the Center hosted two national experts in Lansing to educate legislators about the benefits of virtual learning. Van Beek has presented on the topic at the Michigan Virtual University Annual Symposium, the Michigan chapter of the American Institute for Architects and the Michigan Association of Adult and Community Education.

Michigan was once considered a national leader in virtual learning. With this study, Van Beek shows how the state can once again allow schools and parents to take full advantage of these powerful educational tools. I

BENEFITS IN BALANCE from Page One

www.BenefitsinBalance.com, shows the employment and pay disparities between public- and private-sector workers in Michigan, the public compensation packages that have been largely protected from recession, and analysis of government benefits compared to those in the private sector.

The Benefits in Balance message spread across the state, appearing in most of the state's major newspapers, and even out-of-state media like the Chicago Tribune and Forbes Magazine. Center analysts have discussed this issue on radio programs in Detroit, Ann Arbor, Battle Creek and Petoskey. The enormity of the savings is reiterated in Michigan Capitol Confidential, the Center's daily news site.

The findings have also drawn fire from defenders of public-sector employee unions. Three studies from union-friendly sources have

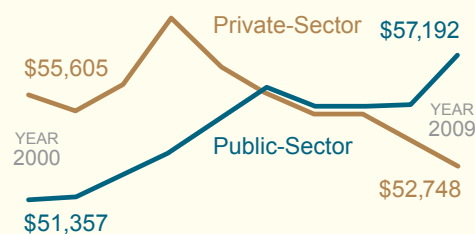
argued that adjusting for education levels eliminates the disparity. Hohman, however, found that direct comparisons between support staff, teachers, prison guards, secretaries and physicians all show the government employees to be more expensive than their private-sector counterparts.

The Michigan House Fiscal Agency indirectly supported the Center's analysis when it reported that the number of state employees has fallen, yet their increased total compensation has negated all of the savings.

Legislators have introduced bills to require employees to share more of the burden of their benefits and have asked Center staff for other money-saving ideas.

Only time will tell how much taxpayers see from the available \$5.7 billion. But thanks to Hohman's

Public vs. Private Sector Compensation in Michigan



Source: James Hohman's calculations based on data from the Bureau of Economic Analysis and the Bureau of Labor Statistics

analysis this number is now the standard for judging how well policymakers are addressing government employee costs. I

Be sure to tear off the pamphlet on the edge of Page One for a short explanation of Benefits in Balance. Keep it, or give it to a friend! To order more pamphlets, contact the Mackinac Center at mcpp@mackinac.org or 989-631-0900.

MEDIA IMPACT

Making News

By continually breaking stories to an active and influential audience, Michigan Capitol Confidential has continued to grow in influence following the historic 2010 election.

On Dec. 17, the Michigan Taxpayers Alliance awarded Michigan Capitol Confidential with its “Voice of the Taxpayer” award for filling the “void left by lazy and/or biased news media.” CapCon was commended for producing “real, hard-hitting investigative journalism on behalf of taxpaying citizens.”

Mackinac Center President Joseph Lehman accepted the award on behalf of Michigan Capitol Confidential.

What sort of accomplishments was the MTA award referring to?

On Dec. 21, Michigan Capitol Confidential posted an article about the West Bloomfield School District, noting that teachers had been eligible for a 173 percent increase in pay over the previous 11 years. There was an ongoing labor dispute because the district could no longer afford to pay those costs. The dispute exploded on Feb. 15, when 40 percent of the teachers at West Bloomfield High School refused to show up for work, staging a “sick out” to evade the state law prohibiting teacher strikes.

On Feb. 18, 2011, Michigan Capitol Confidential reporter Tom Gantert tied all of these points together in an article about the “sick out.” While some local media had covered the issue, it was Michigan Capitol Confidential that made it a national story with a link on the Drudge Report. It appeared on the same day as the massive “sick out” by teachers in Wisconsin, and more than 50,000 visitors from all over the nation came to Michigan Capitol Confidential to learn the Michigan angle on the national discussion regarding outsized public employee pay and benefits.

This article marked the second time in a year that Gantert’s Michigan Capitol Confidential work has appeared on Drudge. In his 20-plus years at Michigan

newspapers like the Lansing State Journal and the Ann Arbor News, he did not ever have a single article picked up by Drudge.

Some other examples from the last few months:

- Syndicated national talk show host Neal Boortz picked up a Michigan Capitol Confidential article exposing the Michigan Regional Council of Carpenters for baselessly protesting a Grand Rapids-area businessman. He also put it on his website, driving 8,000 visitors to the story. An edited version of the same article was added to the print edition of the Macomb Daily. (See related story, Page 3.)
- New Michigan Congressman Justin Amash voted against renewal of the USA PATRIOT Act. Michigan Capitol Confidential called to get his reasons for doing so. His answer became the subject of the main editorial in the Sunday New York Times (complete with a hyperlink back to Michigan Capitol Confidential).
- Another article featured a Michigan businessman with a profitable dream of starting a company that removed logs from Michigan lakes and sold them. It was Michigan Capitol Confidential that explained the barrier in his way: The Michigan Department of Environmental Quality requires him to submit a GPS coordinate for each log before he removes them. He literally needed “messages from space” before he could remove logs from lakes.

The DEQ told reporter Tom Gantert that they would discontinue the requirement. It is uncertain whether this would have been the case without the Michigan Capitol Confidential investigation.

- An administrator at the Saline Public Schools appeared in a district-funded promotional video asking voters to vote in favor of a school bond. This apparently clear violation of the state’s campaign finance act was caught by the Michigan Capitol Confidential staff and became the subject of a daily news story. The district removed the video as soon as Michigan Capitol Confidential called for a reaction.

As readership expands, Michigan Capitol Confidential continues to investigate the actions of public officials and the effect of public policies on Michigan residents. I



Mackinac Center President Joseph Lehman received the Michigan Taxpayers Alliance’s “Voice of the Taxpayer” award.

Influence Means Impact

While it comes as no surprise to us, Campaigns & Elections magazine recently recognized Mackinac Center President Joseph Lehman as one of the Top 100 “Michigan Influencers.” Lehman has been a leader in advancing free-market ideals in Michigan — and internationally — for 16 years.

His tireless commitment to policies that promote liberty and opportunity in Michigan is shared by every one of us at the Mackinac Center. *Learn more about what we do at www.mackinac.org.*



SEA CHANGE from Page One



The Mackinac Center's "Policy Blueprint for Michigan" packet distributed to legislators included an invitation to an Issues & Ideas forum on the EPA's War on Energy (www.mackinac.org/14379), "Environmental Regulation in Michigan" (<http://www.mackinac.org/13789>), "Benefits in Balance" (www.BenefitsinBalance.com), "101 Recommendations to Revitalized Michigan" (www.mackinac.org/10154) and "School Funding in Michigan: Common Myths" (www.mackinac.org/12610).

interviews with a number of legislators, capturing their priorities and views on key issues. Highlights were featured in a video for the Michigan Capitol Confidential website.

Specific Mackinac Center recommendations were put forward by Gov. Rick Snyder during his State of the State address on Jan. 19 and as part of his budget presentation on Feb. 17. Among his proposals were the replacement of the Michigan business tax and surcharge with a flat corporate tax; the elimination or reduction of several targeted corporate tax credits, including the Michigan Economic Growth Authority and the Michigan film incentive; the end of the item pricing law, which requires Michigan retailers to place a price tag on every item they sell; state employee concessions; incentives to local governments to enact employment benefit reforms; the use of student aid fund money for community colleges; and decreased retiree health care costs in state pension funds.

The Snyder administration even made policy improvements simply by ending policies of the previous administration. On March 1, Michigan Department of Human Services Director Maura Corrigan announced that the DHS would stop diverting to unions state money intended for child care for low-income children. The Mackinac Center Legal Foundation had sued the DHS to stop

this diversion and free home-based day care providers who had been shanghaied into a government-sector union (see back page).

Long-recommended Mackinac Center policies were also reflected in numerous bills introduced in the Legislature, including legislation that would:

- Increase emergency financial managers' authority and give them more opportunity to reform union agreements (now signed into law)
- Repeal the prevailing wage
- Eliminate binding arbitration
- Abolish the charter schools cap
- Repeal teacher tenure
- Require schools to post health insurance expenses and withheld union dues online
- Modify the tenure act to make it easier for districts to remove ineffective teachers
- Give farmers a defense against environmental complaints (now signed into law)
- Prohibit rules more stringent than federal rules
- Shorten the time for approval of state regulatory permits
- Require state departments to compare standards in nearby states

and perform a cost-benefit analysis when proposing new rules

- Prohibit forced unionization
- Eliminate the Michigan Home Based Child Care Council to free day care owners from a so-called union (see back page).

Center expertise was also sought by legislative committees. On Feb. 9, Braun proposed a series of government reforms before the Senate Reforms, Restructuring and Reinventing Committee. Later that same day, Fiscal Policy Director Michael LaFaive testified at a Senate Finance Committee hearing on the Michigan business tax. LaFaive told the committee that eliminating the MBT and offsetting it with spending cuts would create at least 120,000 jobs by 2016.

Another hearing and a legislative resolution were generated by a Mackinac Center Issues & Ideas Forum on Jan. 20 where environmental attorney Peter Glaser, a Mackinac Center adjunct scholar, discussed the EPA's war on energy (see Page 9). Sen. Tom Casperson, chairman of the Senate Natural Resources, Environment and Great Lakes Committee, attended the forum and invited Glaser to testify on Feb. 10. Casperson and Rep. Aric Nesbitt introduced non-binding resolutions asking Congress to ban the EPA

see "Change," Page 8

Three goals. Three tools. Three years. Starting now!

Imagine Michigan as the leading turnaround state in the country.

We have the best chance — right now — that we’ve had in a decade to accomplish just that. The voters of this state have filled the executive and legislative branches with candidates who pledged to rein in government spending and unleash free enterprise.

Now comes the gritty work of crafting real solutions to Michigan’s problems.

The Mackinac Center for Public Policy has prepared for this opportunity for years. We have analyzed, litigated, investigated and exposed Michigan’s trouble spots. Today we are uniquely positioned to work with policymakers and in the courts to bring about freedom-enhancing reforms ... and thanks to a group of long-time generous donors, we have one of our biggest financial opportunities ever.

Michigan’s new political landscape has encouraged these supporters to step forward with an offer of up to \$1.65 million in matching funds for our work to advance liberty in Michigan over the next three years. We are calling this opportunity “Mackinac Center Triple Play.”

These donors know that big things are possible in Michigan, and they trust the Mackinac Center to be the catalyst.

To take full advantage of their generous offer, we must raise an equal amount in new funding ourselves. Importantly, we must raise the first \$1.05 million in gifts or pledges by July 31, 2011.

These generous donors will match, dollar-for-dollar:

1. All gifts we receive from new contributors
2. Increased gifts from our current supporters
3. All pledges to donate in 2012 or 2013.

This means that any amount you donate to the Mackinac Center by July 31 above the amount of your gift in 2010 is eligible for these matching funds. For example, if you donated \$100 in 2010, and donate \$150 by July 31, 2011, the additional \$50 will be matched. In addition, any pledge you make by July 31 to donate to us in 2012 or 2013 will also be matched.

Altogether, this campaign could generate as much as \$3.3 million in added horsepower for our plan to achieve three pressing objectives:

- Fix the state budget
- Regain state control of health care
- Advance freedom for schools, workers, and entrepreneurs.

With this influx of funding, we will expand and strengthen three major tools:

- Policy research — to saturate the state with research-based, free market ideas and recommendations
- Litigation — to defend our liberties and challenge illegal government activities in the courts
- Government transparency — to hold elected officials accountable through investigative news reporting.

As we work for sound policy in Michigan, we know from the furor in Wisconsin, Ohio and Indiana that those who benefit from big government will put up a fight. We must help our new leaders stand firm on tough decisions that will restore Michigan as an economic powerhouse.

How the Funding Match Works

Red - New Funds to Raise

Green - Lead Donor's Match

Year	Core Research and Education	Mackinac Center Legal Foundation	Government Transparency and Accountability	Total
2011	\$350,000 + \$350,000	\$350,000 + \$350,000	\$350,000 + \$350,000	\$2.1 million
2012	\$100,000 + \$100,000	\$100,000 + \$100,000	\$100,000 + \$100,000	\$600,000
2013	\$100,000 + \$100,000	\$100,000 + \$100,000	\$100,000 + \$100,000	\$600,000
Total all years	\$1.1 million	\$1.1 million	\$1.1 million	\$3.3 million

MACKINAC CENTER **TRIPLE PLAY** Three Ways to Change Michigan

Winter is almost over. We see the signs of spring with longer days of sunshine, less snow on the ground and the start of Major League Baseball.

When the baseball season begins, each team will play 162 games, aiming toward the ultimate showdown of the World Series. Their season will last about six months, and teamwork will determine whether they make it to the playoffs.

At the Mackinac Center, our season never ends.

Each day, we work diligently to enhance the quality of life for the people of Michigan by developing free-market policies, challenging government overreach and fostering a climate of public opinion that encourages policymakers to act in the public interest.

At this unique time in our history, we have a very special opportunity to help the people of Michigan win — we call it Triple Play.

Thanks to a very generous offer from a group of long-time Michigan supporters, the Mackinac Center has the opportunity to raise \$3.3 million over the next three years.

These folks have presented us with a tremendous offer: They will match, dollar for dollar, every new dollar raised and pledged to the Mackinac Center, up to \$1.65 million!

But just as a baseball season lasts a limited number of days, so does this offer.

July 31st is our deadline to raise the first \$1,050,000 in new gifts and pledges over the three-year period.

When \$1,050,000 is reached, it unlocks the opportunity to raise the additional \$600,000 for 2012 and 2013.

We have about four months from now to raise these dollars — until just after baseball's All Star game. So the clock is ticking.

The good news is, responses are coming in daily; we have already raised over \$200,000, so our goal is already less than \$850,000.

One more item to share: These donors have asked us to spend these dollars in three key areas that will impact Michigan the most in the months ahead. So, we will not set these dollars aside but will immediately put them to work to change Michigan.

To learn more about Triple Play, please read the corresponding article on Page 7. Also, visit www.mackinac.org/14732, which will provide you with updated results about Triple Play.

A triple play in baseball is a rare event. This Triple Play opportunity is a rare offer too.

If we work as a team, we can help Michigan have a winning record. Will you join us today in helping us achieve this goal? **I**



Darryl M. White,
Vice President for
Advancement



Your estate plans reflect the values you hold dear and hope to perpetuate.

Join the Mackinac Center's Legacy Society by calling Darryl White at 989-631-0900 and including the Center in your bequest today.

CHANGE from Page 6

from unilaterally imposing greenhouse gas regulations. Both resolutions passed easily.

On Feb. 16, Education Policy Director Michael Van Beek testified to the House Education Committee, pointing out Michigan's national rankings of high teacher salaries and low student achievement. But the best attended hearing was Labor Policy Director Paul Kersey's testimony before the House Oversight, Reform and Ethics Committee regarding Michigan's prevailing wage law. Hundreds of unionized construction workers chanted in protest, but Kersey's voice was heard.

Further evidence that Center ideas had shifted the window of political possibility in the right direction emerged when House Speaker Jase Bolger on Jan. 12 said publicly

that Michigan has to "have a conversation about right-to-work" legislation. Bolger is the highest-ranking state official to call for this long-recommended Center policy.

One of the most revealing indications that Lansing had experienced a sea change was signified by what was taking place outside the corridors of power. "It's now tax USERS holding angry demonstrations in front of the Capitol, rather than tax PAYERS," observed Braun. "What a difference a year can make." **I**



Protecting Living Standards From 'Undead' Regulation

“For those who think that cap-and-trade is dead, take another look,” said Peter Glaser at the Mackinac Center’s Issues & Ideas forum on Jan. 20. Glaser, an attorney specializing in energy and environmental law, spoke to 95 attendees about the destructive regulations proposed by the U.S. Environmental Protection Agency.

According to Glaser, the Obama administration is trying to force the United States off fossil fuels, which are the cheapest forms of energy. “There is a reason we use fossil fuels in the United States: It lowers costs,” Glaser said. Restricting cheap sources of energy would have devastating effects on industry and daily life, with little environmental benefit.

While recent cap-and-trade legislation failed, the Obama administration is now using the EPA to bypass Congress and enact similar regulations, Glaser said.

Glaser received a J.D. from George Washington University and specializes in environmental regulation and litigation, focusing on air quality and global climate change. He has taken part in numerous EPA rulemakings and judicial appeals. Glaser has testified on climate change issues before Congress and is an expert on greenhouse gas regulatory matters.

As a result of Glaser’s testimony, state Sen. Tom Casperson, one of five legislators who attended the I&I, introduced a state resolution calling on Congress to adopt legislation to



Peter Glaser speaks about out-of-control regulation at a Mackinac Center Issues & Ideas forum.

prohibit the EPA from unilaterally regulating greenhouse gas emissions. Casperson, chairman of the Senate Natural Resources Committee, invited Glaser to testify before the committee on Feb. 19. Remarks were followed by a lengthy question and answer session. The resolution passed, along with a similar resolution in the House.

The event was simulcast online, allowing 134 people to view it live, and 172 to view it since. Watch the video at www.mackinac.org/14379. **I**

Suit Exposes Flaw in State Bargaining Law

When public entities break the law, they often succeed due to a lack of outside scrutiny or legal accountability. A recent example occurred in Kent County, where 10 public school districts and the teachers unions agreed to contracts that included illegal language — language that could cost taxpayers millions of dollars.

Fortunately, the Mackinac Center Legal Foundation exists to highlight and fight such illegitimate government actions. On behalf of five Kent County taxpayers, the MCLF in December 2010 sued the districts and unions over a “no privatization” clause in school collective bargaining agreements. While the lawsuit was dismissed on technical grounds, it did highlight the illegal action to the public and demonstrated the need for state legislators to put an effective means of enforcement into the law.

The relevant law, passed in 1994, prohibits school districts and school employee unions from bargaining over “whether or not to contract with a third party for 1 or more noninstructional support services.” This restriction was intended to prevent school boards from bargaining away their

ability to save taxpayers money through the privatization of transportation, custodial, food and other services.

Yet the contracts between Kent County Education Association affiliates and the school districts stipulated “All districts agree not to privatize any KCEA/MEA unionized services for the life of this agreement.” Mackinac Center Fiscal Policy Analyst James Hohman estimated that forgoing privatization savings could cost the districts as much as \$6.9 million annually. This figure and the facts of the case garnered widespread media coverage.

The case went to the Kent County Circuit Court on Feb. 18. MCLF Director Patrick Wright argued the case against a team of school district and union lawyers. After two-and-a-half hours of argument, Judge James R. Redford said the arguments were compelling enough to warrant taking the case under advisement before issuing a decision. In the end, he ruled that the Legislature did not provide a mechanism for taxpayers to challenge a violation of this type.

“Then what we have is a law that can only be enforced by the parties that decide to break it,” said Wright, following the decision. “Legislators need to revisit the law and insert a mechanism for holding violators accountable.”

While the obvious goal of litigation is to win the case, it can also be a powerful means of drawing attention to unjust action. Public outrage can encourage other branches of government to correct the problem, as happened with the day care union suit (see back page).

Details of the case can be found at www.mackinac.org/14187. **I**



Patrick Wright announces the launch of the case *Jurriens v. Kent ISD*.

Nothing More Important By Lawrence W. Reed

(Lawrence W. Reed is president emeritus of the Mackinac Center for Public Policy and president of the Foundation for Economic Education in Irvington, N.Y., and Atlanta, Ga.)

What's the most important element in forming a successful career and a happy life? Well, here's one that is so important that without it, you ain't goin' anywhere. Some might call it integrity, others might call it character. I use the two terms interchangeably here. No matter which one you prefer, I recommend that you bulk up on it; if you do, you'll be amazed at how most if not all of the other elements of a rewarding life and career will eventually fall into place. On frequent occasions it will more than compensate for mistakes and shortcomings in other areas.

From an employer's perspective, Warren Buffett makes the point plainly: "In looking for people to hire, you look for three qualities: integrity, intelligence, and energy. And if they don't have the first, the other two will kill you."

Integrity is more important than all the good grades or degrees you've earned, more important than all management courses you could possibly take, and more important than all the knowledge that you could absorb on any subject. It's something over which every responsible, thinking adult has total, personal control, and yet millions of people every year sacrifice

it for very little. It will not only define and shape your future, it will put both a concrete floor under it and an iron ceiling over it. It's what others will more likely remember you for than your looks, your talents, your smarts or your rhetoric. If you lose it, it will taint everything else you accomplish.

Your character is the sum of your choices. You can't choose your height or race or other physical traits, but you fine-tune your character every time you decide right from wrong and what you personally are going to do about it. Your character is further defined by how you choose to interact with others and the standards of speech and conduct you practice. Character is a prerequisite to leadership. If you've got character, others will look upon you as a leader.

When a person spurns his conscience and fails to do what he knows is right, he subtracts from his character. When he evades his responsibilities, succumbs to temptation, foists his problems and burdens on others, acts as though the world owes him a living, or fails to exert self-discipline, he subtracts from his character.

A free society flourishes when people aspire to be models of honor, honesty and propriety at whatever the cost in material wealth, social status or popularity. Without strong character widely practiced, a free society just isn't possible. **I**



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This update to a 2008 study shows strong correlation between higher cigarette taxes and smuggling.
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Key stories: Fees fuel big government, business subsidies, net neutrality, MEA and politics.
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Welcome to "bannering," a new method being deployed by Big Labor bosses who wish to continue exerting their influence.
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A Virtual Learning Revolution

Michigan Connections Academy and other leading organizations use virtual learning to teach Michigan children.
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Why Michigan Needs Regulatory Reform

Mackinac Center Senior Environmental Analyst Russ Harding explains why his blueprint for regulatory reform is necessary to foster both jobs and the environment.
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Where's There's Cigarette Taxes, There's Smuggling

A Michigan businessman explains his struggle with theft and violence brought by cigarette smuggling.
www.mackinac.org/14208

Kent County School Services Privatization Lawsuit

On behalf of five Kent County taxpayers, the Mackinac Center Legal Foundation sued 10 Kent County school districts and the teachers unions to remove illegal contract language regarding privatization of non-instructional functions.
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Big Labor vs. Lansing Entrepreneur

Labor interests threatened to halt the cleanup and economic development of a Lansing property unless the developer paid union-scale wages.
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Contest ends April 22!
Go to www.mackinac.org/14718
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VICTORY: Day Care Owners Freed From So-Called Union!

Tens of thousands of Michigan home-based day care providers will no longer have mandatory “union dues” taken from their state subsidy checks following a 19-month legal and public relations campaign waged by the Mackinac Center Legal Foundation. On March 1, the Michigan Department of Human Services announced it would cease withholding the money, ending a practice that had diverted nearly \$4 million into union coffers.

The idea of a child care union that would “represent” people providing day care out of their own homes was conjured up by two union allies of the Granholm administration — the United Auto Workers and American Federation of State, County, and Municipal Employees — in order to get a cut of subsidies meant to help low-income parents obtain child care while they went to school or work. An agreement between the DHS and a community college created a government “employer,” the Michigan Home Based Child Care Council, which allowed the faux union to have the DHS start withholding the “union dues.”

The Mackinac Center inaugurated its Legal Foundation on Sept. 16, 2009, with a lawsuit targeting this unionization scheme. MCLF Director Patrick Wright brought the suit to the Michigan Court of Appeals on behalf of day care owners Sherry Loar of Petoskey, Michelle Berry of Flint and



Day care providers and MCLF clients Sherry Loar, Paulette Silverson and Michelle Berry are now no longer forced to pay “union dues.”

Paulette Silverson of Brighton. The case remains before the Michigan Supreme Court. Wright said he is reviewing his clients’ legal options.

The decision to end this scheme was announced by DHS Director Maura Corrigan, a former justice of the Michigan Supreme Court. Corrigan acknowledged the crux of the Center’s case, noting that “these providers are not state employees,” and because of this, the DHS would “cease collecting union dues.”

Throughout the lengthy legal process, the Center communications team worked hard to ensure a win in the court of public opinion. Michigan media provided extensive written and broadcast coverage, and editorials universally condemned the scheme. The story quickly spread across the nation, with Center Op-Eds appearing

in the Weekly Standard and The Wall Street Journal. A video series by Center Communications Specialist Kathy Hoekstra prompted a John Stossel report on Fox News and coverage by talk host Rush Limbaugh.

The MCLF clients, as well as other day care providers throughout the state, were delighted. “The Mackinac Center has done beyond a great job in securing freedom for home day care providers in Michigan,” said Paulette Silverson, a client who runs a day care in Brighton. Sherry Loar, who first brought the scheme to the Center’s attention, was ecstatic that the union could no longer claim to represent her in her own business. “I’m so happy they’re out of my home, I wish I could do a cartwheel!” Loar said. “One voice can make a difference — and I didn’t believe that.” **I**